

# 32nd ANNUAL REPORT 1951



COMMERCIAL  
SOLVENTS  
CORPORATION

*Blueprint for  
Expansion*

# Commercial



CSC

**NEW GENERAL OFFICES:**

260 Madison Avenue, New York 16, N. Y.  
(On or about May 1, 1952)

# Solvents Corporation

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32nd

# Annual Report 1951

### **General Offices:**

17 East 42nd Street, New York 17, N. Y.

### **Transfer Agent:**

Guaranty Trust Company of New York  
140 Broadway, New York 15, N. Y.

### **Registrar:**

The Chase National Bank  
of the City of New York  
11 Broad Street, New York 15, N. Y.

# Two-Year Statistical Review

	1951	1950	Per Cent Change
<b>INCOME</b>			
Sales—net (see note) . . . . .	\$61,172,149	\$49,095,073	+25
Dividends and other income . . . . .	<u>1,314,192</u>	<u>1,672,165</u>	—21
Total income . . . . .	<u>\$62,486,341</u>	<u>\$50,767,238</u>	+23
<b>COSTS AND EXPENSES</b>			
Wages and salaries . . . . .	\$10,094,324	\$ 8,444,125	+20
Pensions, group insurance, and social security taxes . . . . .	<u>727,510</u>	<u>621,020</u>	+17
Raw materials, supplies and other expenses . . . . .	<u>38,333,849</u>	<u>31,454,670</u>	+22
Depreciation and amortization on buildings and equipment . . . . .	<u>1,613,830</u>	<u>1,420,266</u>	+14
Taxes—Federal, State and Local . . . . .	<u>5,874,384</u>	<u>3,649,554</u>	+61
Total costs and expenses (see note) . . . . .	<u>\$56,643,897</u>	<u>\$45,589,635</u>	+24
<b>NET EARNINGS</b>	\$ 5,842,444	\$ 5,177,603	+13
<b>DIVIDENDS PAID TO SHAREHOLDERS</b>	<u>3,296,098</u>	<u>3,296,097</u>	—
<b>YEAR'S EARNINGS EMPLOYED IN THE BUSINESS</b>	<u>\$ 2,546,346</u>	<u>\$ 1,881,506</u>	+35
<i>Note: Adjusted for year 1950 to include in costs and expenses, freight and container costs which had been deducted from sales.</i>			
<b>EXPENDITURES</b> for land, buildings and equipment . . . . .	\$ 4,634,893	\$ 1,585,278	
<b>NET EARNINGS</b> per share . . . . .	\$ 2.22	\$ 1.96	
<b>DIVIDENDS</b> paid per share . . . . .	\$ 1.25	\$ 1.25	

# The President's Letter

J. Albert Woods, President



## TO OUR SHAREHOLDERS:

A chemical business is never static. Each day is different. There is a constant struggle to improve the present and to explore and conquer the future.

It follows that a report of stewardship to shareholders must, of necessity, inform them of the facts of the past year and what might reasonably be expected in the future.

Net earnings for the year 1951 were \$5,842,444, or \$2.22 a share of common stock, as compared with \$5,177,603, or \$1.96 a share in 1950. Increases in Federal taxes on income had a substantial effect on 1951 earnings. Such taxes for the year amounted to \$5,465,200, or \$2.07 a share compared with \$3,307,900, or \$1.25 a share in 1950.

Net sales were \$61,172,149, an increase of 25% over the preceding year. This is a new record for your company.

Expenditures for plant and equipment during 1951 were \$4,634,893.

Dividends totaling \$1.25 per share were paid during 1951 on our common stock.

Increased sales volume and wider diversification of operations resulted in a year-end inventory of \$15,480,550, which was an increase of \$5,291,412 during the year.

Thermatomic Carbon Company, of which Commercial Solvents owns 65.3%, reported record sales and earnings before taxes, but an increased tax bill brought net earnings down from the 1950 level. Dividends received from Thermatomic Carbon Company during 1951 amounted to \$388,288, or \$36,402 less than in 1950.

## Plant Expansions

A \$20 million expansion program was begun at Sterlington, Louisiana, to double ammonia and methanol production facilities and to provide a plant to make solid ammonium nitrate. Construction has been started and is expected to be completed in the second quarter of 1953.

The nitrogen solutions plant at Sterlington, started in 1950, was completed and shipments to our customers began in the month of October, 1951.

Antibiotics production was tripled and unit production costs were sharply reduced with the completion of a new antibiotics plant and improvements in process facilities in our existing plant at Terre Haute.

A new pharmaceutical packaging plant was built at Terre Haute and began operations late in 1951. This will permit packaging the greatly increased volume of antibiotics and other pharmaceutical products.

A plant for Expandex, a blood volume expander, was begun and should be in production by the Summer of 1952.

An antibiotic feed supplement plant was completed and put in production during the year for the manufacture of Baciferm at Peoria, Illinois.

Substantially all of these projects have received Government certification allowing a portion of the cost to be amortized over a five-year period for income tax purposes in place of depreciation at normal rates. Expenditures remaining to be made after 1951 on approved projects approximate \$22,700,000.

# The President's Letter (continued)

## New Products

Splendid cooperation among research, production, engineering and sales made possible the introduction of a number of new products during the year, which should contribute importantly to your company's future.

Baciferm, a bacitracin antibiotic feed supplement effective in stimulating growth, reducing mortality and improving the market quality of poultry and swine, was supplied to the feed trade. It is noteworthy that this product, plus increased sales of vitamin feed supplements, ammonia and nitrogen solutions, accounted for 40% of our gain in sales.

Compenamine, an entirely new type of penicillin, was introduced in November, 1951. The importance of this product lies in its virtual elimination of allergic reactions.

Expandex, CSC's dextran blood volume expander, was manufactured in pilot-plant quantities and supplied to our Armed Forces.

Dilan, a new synthetic insecticide, was placed on the market. Of particular value in controlling the Mexican bean beetle, it has an indicated wide range of usefulness.

The marketing of Dixsol, the trade name for our nitrogen solutions, was begun to the fertilizer industry.

Among other important products introduced in 1951 were Tolanate, a hypertensive agent, and a diagnostic aid called Dia-Discs, both for the medical profession.

## Financing

Our capital expansion program is being financed by a loan of \$25,000,000 arranged last September with five insurance companies. \$10,000,000 of this amount was received in October, 1951; \$7,000,000 will be received on May 1, 1952; and \$8,000,000 on October 1, 1952. The loan bears an interest rate of  $3\frac{3}{4}\%$  per annum and is to be repaid at the rate of \$1,560,000 a year beginning in September, 1957, with final maturity on September 1, 1972.

## Directorate

Mr. Philip G. Mumford resigned as a director on April 30, 1951, due to ill health. His service as a director of the Corporation began with its inception in December, 1919. He served as our president from 1922 to 1928. We sorrowfully report his death on October 28, 1951.

It is also with deepest sorrow that we report the deaths of Major Theodore P. Walker, on November 28, and Mr. George M. Moffett, on December 22, 1951.

Major Walker joined the Corporation in 1922, became a director in 1933, served as President from 1938 to 1947, and was Chairman of the Board of Directors from 1947 until his retirement at the end of 1950. During that period, the activities of the Corporation were greatly expanded and diversified.

Mr. Moffett was a director from 1925 until his death. He served the Corporation with sincere devotion and fidelity. His counsel in the formulation of policies was wise and constructive.

Mr. Brownlee O. Currey, President and Director of the Equitable Securities Corporation of Nashville, Tennessee, was elected to the Board of Directors on April 30, 1951.

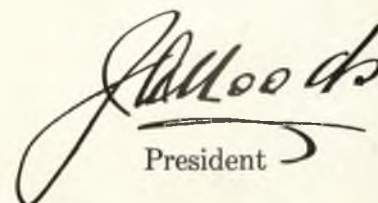
## Organization

The company's diversification program has expanded operations into six allied, but separate, fields: Industrial Chemicals, Pharmaceuticals, Agricultural Chemicals, Animal Nutrition Products, Automotive Specialties, and Potable Spirits. These specialized product divisions, concentrating on sales and distribution and working closely with Production and Research, establish a sound broad base for your company's future successful development.

Employee relations throughout the year were excellent.

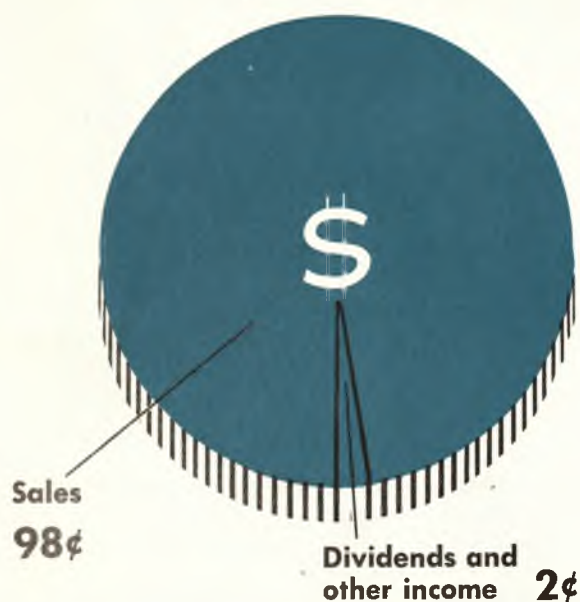
With the continued support and loyalty of our shareholders and employees, I have the strongest confidence in our ability to translate our "blueprint for expansion" into tangible progress.

February 25, 1952

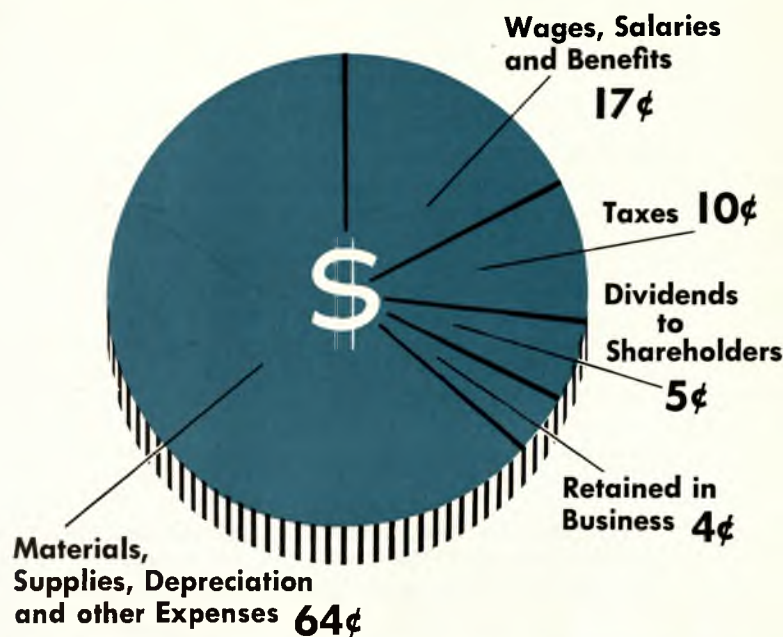
  
President

# The CSC Dollar 1951

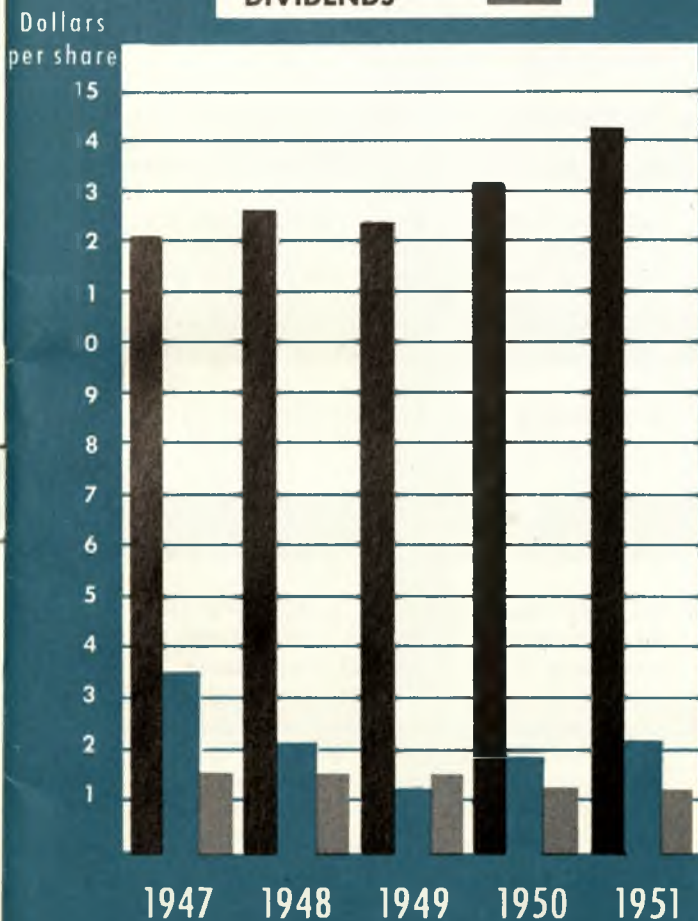
## WHERE IT CAME FROM



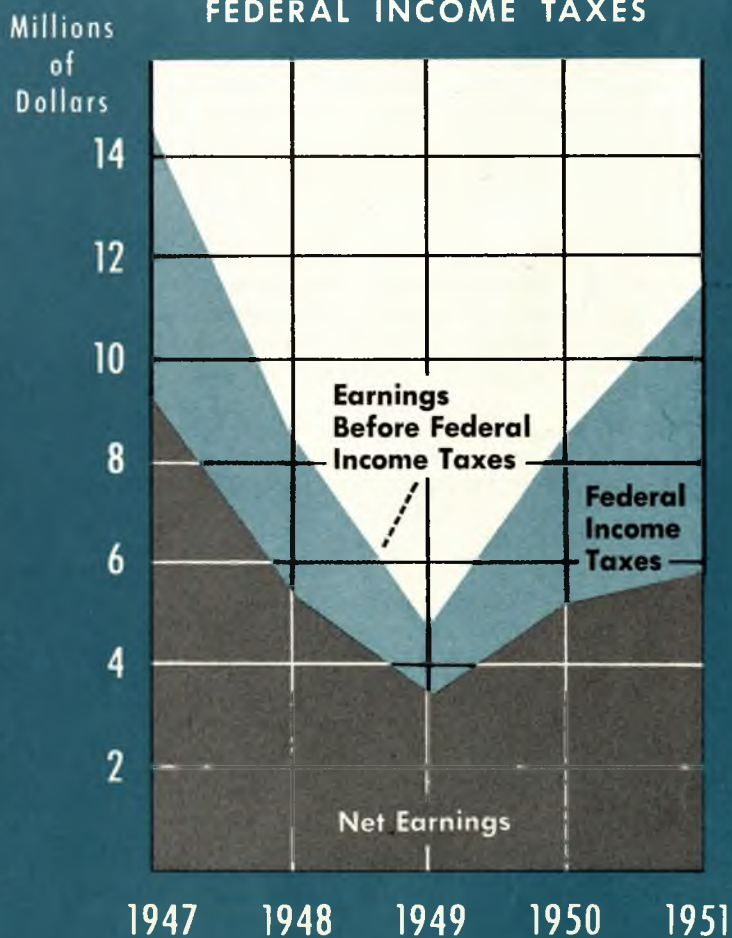
## WHERE IT WENT



NET ASSETS  
NET EARNINGS  
DIVIDENDS



## EARNINGS AND FEDERAL INCOME TAXES



# Historical

# Highlights

**EARLY IN WORLD WAR I**, the British Government desperately needed large quantities of acetone to produce explosives. As the wood distillation process then in use was slow and yields were poor, a search was made for a new process. A method by which acetone could be made cheaply and in large quantities by bacterial fermentation, along with by-products ethyl alcohol and butanol, was the result of research by Dr. Chaim Weizmann. This discovery was of great historical significance since it was the first time bacteria had been deliberately sought and harnessed to perform specific industrial labor. After the U. S. entered the war, the U. S. Air Service and the British War Mission adapted facilities at Terre Haute, Ind. for the production of acetone by the Weizmann process.

**1919** At the close of the war, Commercial Solvents Corporation of Maryland was formed to develop the war-born industry. The Terre Haute facilities were purchased from the Government and exclusive rights under the Weizmann patents were obtained.

**1920** Production was resumed on April 1 for the purpose of making butanol. An important use for butanol had been discovered in the manufacture of fast-drying lacquers which permitted assembly-line production of cars, furniture and other materials.

**1923** The Majestic Distillery at Peoria was purchased from the U. S. Food Products Co. and enlarged, for the purpose of decentralizing operations and increasing production of acetone, butanol, ethyl alcohol, and their many derivatives.

**1927** The company entered into high-pressure synthesis with production of methanol from gas at a new unit at Peoria. CSC was the first company in the United States to produce and market synthetic methanol.

**1931** Commercial Solvents assumed management of Thermoatomic Carbon Co., at Sterlington, La. on a contract basis.

**1933** Barrel storage warehouses were acquired and grain alcohol production started at Terre Haute. The company acquired the Rossville Commercial Alcohol Corp. and its subsidiary, the American Solvents and Chemical Corp. of California, with plants at Harvey and West-

wego, La.; Agnew, Calif.; and Newark, N. J. With this purchase, CSC acquired one of the largest industrial alcohol businesses in the country, as well as an established anti-freeze business. A "dry ice" plant adjacent to the Peoria plant was also purchased.

**1936** The company acquired majority interest in Thermoatomic Carbon Co.

**1938** CSC became the first to produce riboflavin by the fermentation process.

**1940** The nitroparaffins, an entirely new family of chemicals, were put into production at a pilot-plant unit at Peoria.

**1942** The company built and operated the Dixie Ordnance Works at Sterlington, La. for the Government for the production of anhydrous ammonia.

**1944** CSC entered the pharmaceutical field with the completion of a penicillin plant at Terre Haute, one of the first units to produce penicillin by deep-tank fermentation.

**1946** The Dixie Ordnance Works at Sterlington was purchased from the Government and production of anhydrous ammonia was resumed. Purchase was also made of the Pennsylvania Alcohol & Chemical Corp. with its plant at Carlstadt, N. J. The insecticide field was entered with the production of benzene hexachloride at a new plant at Terre Haute. CSC became the first to commercially produce crystalline penicillin, in both sodium and potassium salts.

**1947** A packaging plant for anti-freeze and other consumer products was built at Terre Haute.

**1948** A plant for the production of methanol was completed at Sterlington. Bacitracin, a new antibiotic, was introduced by the company.

**1949** The new research center, including a pharmacological laboratory and a microbiological pilot plant, was dedicated at Terre Haute.

**1950** New antibiotic plant constructed at Terre Haute to produce various products made by bacteriological processes. At Peoria, units were built to make vitamin and antibiotic animal feed supplements.

1951 ➡

**Shareholders**  
21,535 (Dec. 31, 1951)

**Board of Directors**  
12 Members

**President**

**PRODUCT  
DIVISIONS**  
See pages 8-15

**SERVICE  
DIVISIONS**  
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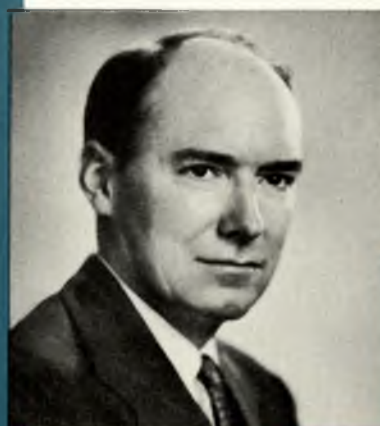
# Blueprint for Expansion

YOUR COMPANY's general chemical and solvents business of ten years ago has now emerged into the present-day, well-rounded operation.

In planning the continued growth, your management recognized the need for a plan of organization keyed for a business composed of several separate, though allied, fields of activity.

The immediate objective of this plan, adopted in July, 1951, is to provide an organizational structure that will recognize the changed and changing nature of your company's business and that will lend itself to progressive expansion in the years to come, without substantial change in form, as your company continues to grow in size and in the scope of its activities.

The ultimate objective is an organization that will provide, in staff and line positions, the progressive administration and the specialized management that will help make Commercial Solvents Corporation a leader in whatever phase of industry it selects as its fields of specialization.

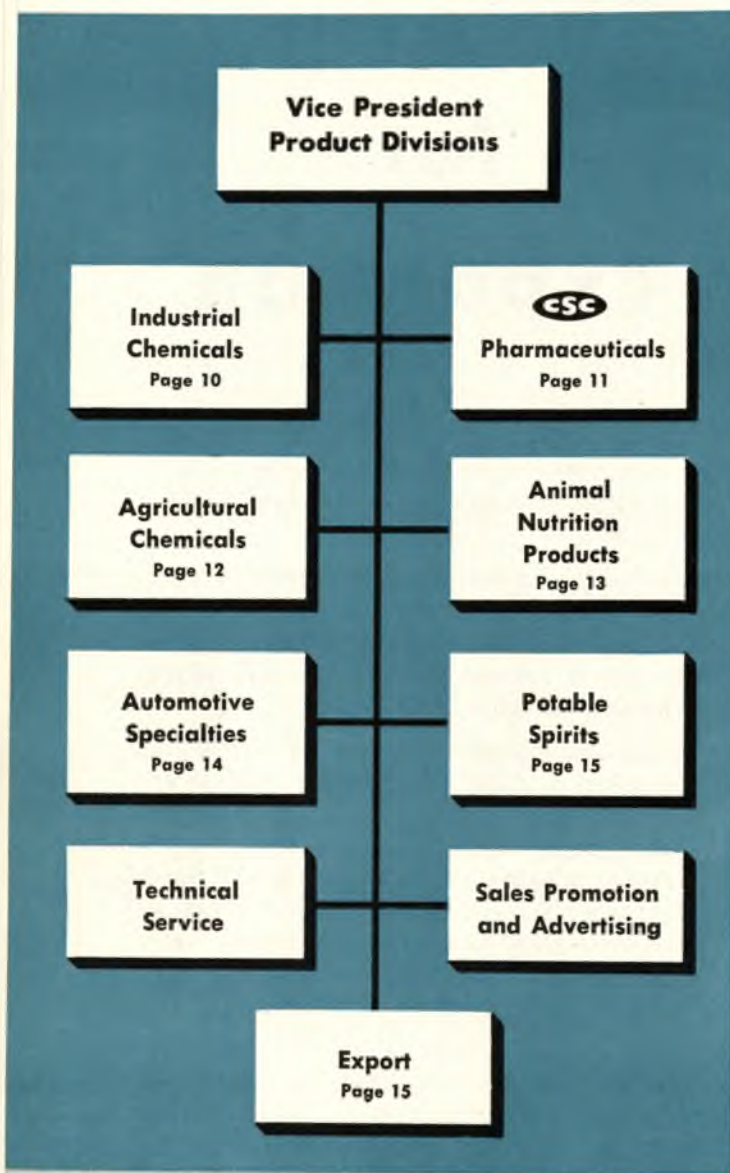


**Abbott K. Hamilton**  
**Vice President**  
**Organization Development**

# Product Divisions



**H. J. HENRY**  
Vice President



YOUR COMPANY's Product Divisions provide the specialized organization to cope effectively with the competitive conditions in each of the separate fields of operation.

The General Managers of these divisions, under the direction of the Vice President of Product Divisions, have a prime responsibility for a satisfactory divisional net profit.

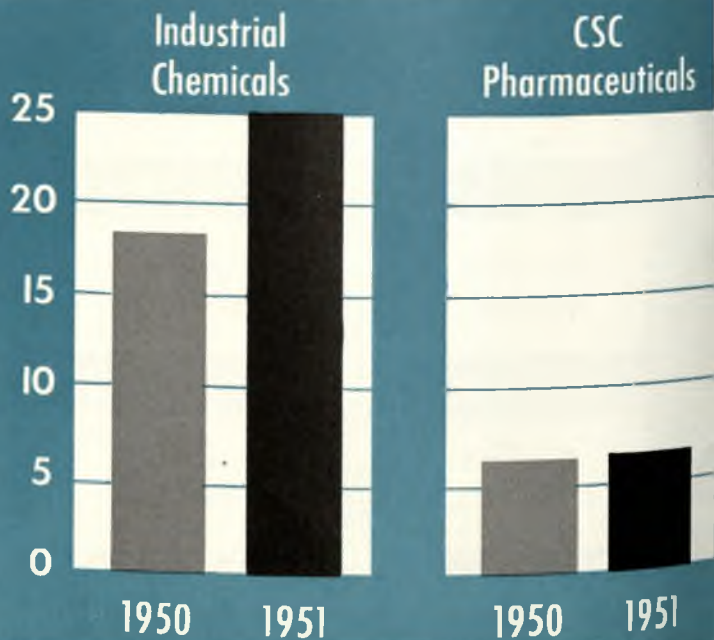
The General Manager of each Product Division has an operating responsibility as to marketing and sales, a planning and contracting responsibility as to manufacturing and research, and a service utilization responsibility as to personnel, purchasing, controls, accounting and organization development. These Product Divisions and their respective General Managers are:

## Industrial Chemicals

W. Ward Jackson, appointed General Manager of this division in July 1951, was previously

**1951 SALES**  
**\$61,172,149**  
**a New High**

Millions  
of  
Dollars



Sales Manager of the chemical division for a large concern with which he had been associated for 18 years. During World War II, Mr. Jackson served in an advisory capacity to the War Production Board and is currently a chemical consultant to the Chemical Division of the National Production Authority.

### CSC Pharmaceuticals

M. M. Ricketts joined Commercial Solvents in December, 1950, as Division General Manager. His previous position with a prominent chemical and pharmaceutical manufacturer well qualified him to take charge of this division. Mr. Ricketts has been engaged actively in all phases of drug product marketing for over 26 years.

### Agricultural Chemicals

Clyde T. Marshall, General Manager of this division, joined CSC on January 1, 1952. Mr. Marshall was previously Vice President and Marketing Manager of a major firm with which he had been associated for over 23 years. In the new divisional organization plan, the Agricultural Chemicals Division will concentrate on marketing nitrogen products and pesticides.

### Animal Nutrition Products

George O. Lines was made General Manager of the newly created Animal Nutrition Division in December, 1951. Mr. Lines, with Commercial Solvents since 1929, has held various positions, the most recent being Manager of our Peoria Plant. His knowledge of the production and sale

of animal feed supplements well qualify him to head up this division.

### Specialties

Paul R. Smith, Sales Manager of this division for seven years, was made its General Manager in July 1951. Mr. Smith had been in our sales organization since 1935.

### Potable Spirits

Robert L. Hutchins, appointed General Manager in December 1951, came to Commercial Solvents in 1933 when the Rossville Commercial Alcohol Corporation was purchased by Commercial Solvents. Prior to his present position, Mr. Hutchins was New York District Sales Manager for Industrial Chemicals.

### Export

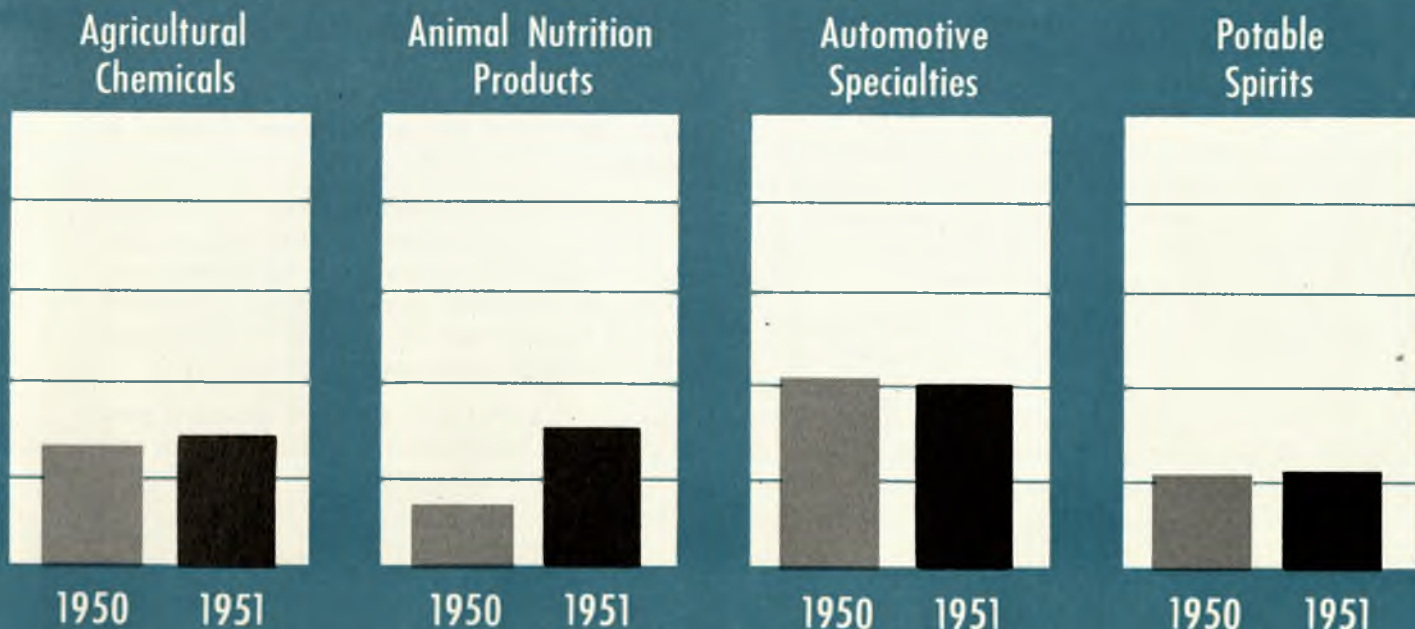
This division which handles all of the company's products is headed by T. P. DeFarkas as its General Manager. He came to CSC in 1951 from a large pharmaceutical company with which he had been associated as overseas director.

### Technical Service

From its headquarters in Terre Haute, Indiana, this department now handles investigation of complaints, clearance of labels, and establishment of specifications for industrial products.

### Sales Promotion and Advertising

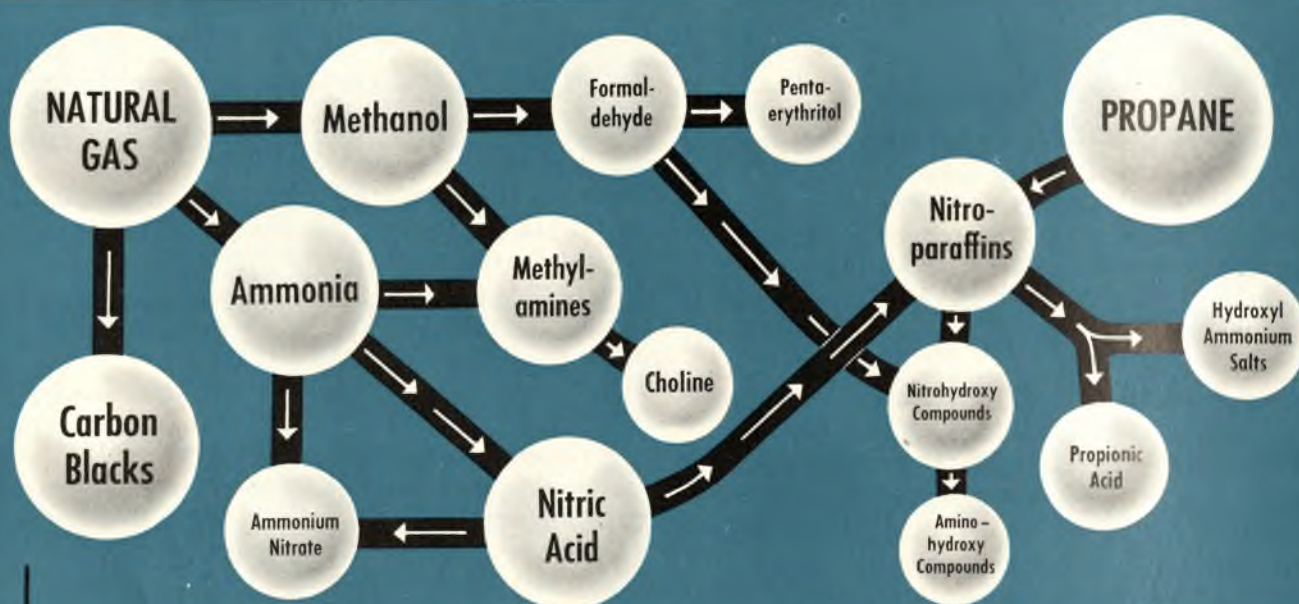
These activities are being expanded in accordance with the marketing and advertising requirements of each Product Division.





# Industrial Chemicals

W. Ward Jackson, General Manager



PETROCHEMICALS was the keynote for 1951, with emphasis on strengthening CSC's position in this field. Plans for increased production of methanol and ammonia from natural gas were formulated and put into operation, with the upgrading of these two items into other and more profitable products to follow. A number of new projects have been initiated and are in the development stage at this time.

Improvements have been made in sales and in customer service, lower cost transportation methods were developed, sales effort was streamlined, with the resultant development of a hard hitting sales program, designed to get results in a competitive market.

A new Market Development Department was organized, staffed with technical men working closely with sales, research and customers to develop new applications for our present products and markets for new chemicals.

**METHANOL AND DERIVATIVES:** The methanol sales in 1951 were the highest in the company's history. Supplies remained critical as new uses for this basic chemical were developed. Sales of all methanol derivatives—methylamines, formaldehyde and pentaerythritol—exceeded our pro-

duction. Expanded output of these compounds is scheduled for 1952 and 1953.

**ETHYL ALCOHOL AND DERIVATIVES:** Sales were higher than the previous year on both a volume and dollar basis, due primarily to an abnormal demand and relatively high selling price. At the year end, prices were adjusting themselves downward.

**BUTANOL AND DERIVATIVES:** A substantial gain in dollar sales was shown in 1951, although volume was lower. This increase in dollar sales was due to the temporary shortage caused by the Korea situation permitting higher than normal price levels. Prices have now adjusted themselves downward and an increased demand is expected.

**NITROPARAFFINS AND DERIVATIVES:** Sales of all nitroparaffin products were limited only by production capacity. Market Development concluded an extensive market survey, developed end-use background of value and established new markets of considerable volume.

**RIBOFLAVIN CRYSTALS:** Demand exceeded production and a substantial increase in output and sales is scheduled for 1952.



# Pharmaceuticals

M. M. Ricketts, General Manager



AS THE MARKET for new drugs for medical use is constantly expanding, it may be said that today's competition originates in the research laboratory. Each new product must be developed to maximum sales potential as rapidly as possible.

During 1951, the field sales personnel of CSC Pharmaceuticals was increased by more than 150%. This staff has been and will continue to be intensively trained and equipped with new sales promotion tools. Competent additions to the management staff have been made to execute this program.

A Market Research and Analysis Department has been organized. Extensive studies will be made on all new as well as presently existing products.

Antibiotics continue to set the pace for a rapidly expanding pharmaceutical industry. The biggest antibiotic news of the year for CSC Pharmaceuticals was the development and introduction of COMPENAMINE, the new hypoallergenic form of penicillin, presently available in the five most important dosage forms. COMPENAMINE is the first significant advance in penicillin therapy since the introduction of the procaine salt, and its acceptance by the medical profession is most encouraging.

Bacitracin, as a result of broader clinical research and evaluation, continued its upward sales trend throughout 1951. BACILLYRIUM, an ophthalmic preparation in eye-drop dosage form, and Bacitracin Vaginal Suppositories, used in gynecologic surgery, were two new bacitracin products introduced during the year.



EXPANDEX, known medically as a blood volume expander, valuable in the treatment of shock due to injuries, hemorrhages, burns or surgery, was placed in semi-commercial production in 1951. Completion of a new plant is scheduled for 1952. EXPANDEX has been approved but cannot be made available to the medical profession until commitments to the Armed Services have been filled.

DIA-DISCS®, diagnostic tablets used in determining the specific antibiotic most effective against a disease-producing organism; TOLANATE®, CSC's brand designation for tablets of inositol hexanitrate, a drug used in combating hypertension, and KWELL® Lotion, companion product for KWELL® Ointment, used in the treatment of scabies and pediculosis, were other important new products introduced in the year 1951.





# Agricultural Chemicals

Clyde T. Marshall, General Manager

COMMERCIAL SOLVENTS, through its Agricultural Chemicals Division, is contributing in a very real and direct way toward our national welfare which in part requires that the United States will continue as the best-fed, best-clothed, and best-housed nation in the world.

So that farmers may have the essential tools of nitrogen for food and fiber production and ever-improved pesticides to combat plant and food destruction by pests, we are continuing our research and production expansion with vigor.

## Nitrogen Products

Spectacular increases in the use of nitrogen for soil fertilization continue to be registered throughout the country with the result that 1951 demand continued in excess of supply. Anhydrous ammonia represented most of Commercial Solvents' 1951 nitrogen production, although initial deliveries from the new nitrogen solutions plant were made during the last quarter.

Production from the new DIXSOL nitrogen solutions plant will be marketed through the fertilizer industry during 1952 which will place the distribution of this important product in a far broader field than was possible with only anhydrous ammonia.

Commercial Solvents' production of anhydrous ammonia will be doubled when new facilities are completed in 1953. This will make possible a well-balanced distribution of nitrogen in three basic forms: anhydrous ammonia for direct applica-

tion to the soil, nitrogen solutions as well as anhydrous ammonia as a source of nitrogen for mixed fertilizers, and solid ammonium nitrate for direct application.

## Pesticides

Early and heavy demand for benzene hexachloride resulted from government requests for more cotton. In 1952, however, increased production facilities throughout the industry, new methods of application, and development of new pesticides, will make this market more competitive.

DILAN<sup>®</sup> was made available on a limited scale for the control of bean insects. Commercial use for this purpose was highly satisfactory and the outlook is favorable for increased sales. Wide experimentation with DILAN has led to reports of good control of insecticide-resistant house flies, tobacco insects, destructive fruit insects and several vegetable pests.

ETHIDE<sup>®</sup>, our exclusive deep penetration fumigant which has proved to be excellent in the control of stored grain pests, has been approved by State and Federal agencies. It will be made available in limited quantities during 1952.

Persistent losses caused by snails and slugs on the East Coast has created expanded sales interest in metaldehyde. Steps have been taken to increase the market for this toxicant in relation to its present use on the West Coast.

Direct application of ammonia to pasture lands is being done with this machine which lifts sod and then replaces it after ammonia has been applied.

DILAN protected bean plants are shown at the left while those at the right, which were not protected, became seriously damaged.





# Animal Nutrition Products

George O. Lines, General Manager

THIS new product division was organized to meet the increasingly specialized requirements of feed supplements customers.

The animal nutrition division serves the poultry and livestock industries whose annual mixed feed purchases now exceed three billion dollars a year.

## Vitamin Feed Supplements

In 1951 customer demand for B·Y-500® and B·Y-100 exceeded the supply. These leading "B" Complex products were pioneered by CSC and first put on the market by us in 1939. Our plans call for increased production during 1952.

B·Y-21® and B·Y-16, concentrated riboflavin, set new sales records in 1951. Our manufacturing facilities for these products were expanded substantially. This means even greater sales during 1952. Riboflavin, or vitamin "G", is recognized throughout the trade as an important nutrient.

We sold our full production of choline chloride solution and dry choline supplement during 1951. Increased production during 1952 will lead to increased sales.

## Antibiotic Feed Supplements

BACIFERM was put on the market early in 1951. It is a companion product to DUOFERM, our combination of BACIFERM and PROFERM (vitamin B<sub>12</sub>). The two products contributed importantly to the division's earnings.

PENBAC, developed in 1951, combines our new stable *l*-ephenamine penicillin and bacitracin. PENBAC users get the benefit of the proven performances of these two antibiotics in promoting the health and cheap growth of farm animals through better feed efficiency.

## Importance of Antibiotics In Poultry Rations



Chick grown on vegetable protein ration with all usual additives except antibiotics and vitamin B<sub>12</sub>.



Chick, in lot with one shown above, grown on same basal ration with animal protein and DUOFERM added.

Poultry growers are using large quantities of vitamin B<sub>12</sub> and antibiotics in producing poultry faster and with less feed.



**Paul R. Smith**  
General Manager

## Specialties

SUBSTANTIAL gains made in product distribution and increased jobber representation, were consolidated to form a sound base for future sales growth.

By shifting anti-freeze territorial quotas, CSC's position in several high-potential markets was strengthened.

The preference of car owners for CSC's PEAK® and permanent-type anti-freeze generally became more pronounced during 1951.

Curtailed supplies of our principal anti-freeze raw materials caused a leveling off of the past several years' upward trend of Specialties Division sales, so that our anti-freeze sales volume and profit were about the same as 1950.

Sales of NOR'WAY DRY-EX®, CSC's product which

prevents engine stalling due to frozen fuel lines, were substantially increased through consumer acceptance and concentrated promotion and advertising programs.

The complete line of NOR'WAY® automotive specialties experienced a fifty per cent increase in sales volume, the highest ever achieved for these products.

Department of Commerce automobile registration estimates for 1951 are at an all-time high with a 6.2 per cent increase for the year, with no letup in sight.

This trend, plus our broader distribution and the assurance of more anti-freeze raw materials, makes prospects bright for record sales and profits in the Specialties Division in 1952.





**Robert L. Hutchins**  
*General Manager*

## Potable Spirits

SALES of Potable Spirits for 1951 and the resulting profits reached an all-time high. Storage revenue from whiskey rackhouses was very satisfactory and we are confident that we will be able to maintain the volume of this business.

Consistent with conditions now existing in the industry, sales of both neutral spirits and whiskey are at a reduced rate compared with the volume of the past eighteen months.

Compared with the industry as a whole, which developed abnormally large inventories during the midyear of 1950, our inventories are moderate, and it is expected that we will have a pickup in sales volume by the middle of 1952.



**T. P. DeFarkas**  
*General Manager*

## Export

WE ARE developing a world market for CSC products.

CSC research and efficient production methods have resulted in a broad range of low-cost quality chemicals which enables your company to take a position in the competitive international market.

Agents are being selected in parts of the world where our pharmaceuticals, animal feed supplements, pesticides and industrial chemicals can be profitably sold.

Our overall program calls for manufacturing and packaging licensing agreements as well as the establishment of subsidiaries and opening of branch offices.



Over one million barrels of whiskey have been aged in CSC rackhouses at Terre Haute.



Air freight shipment of Penicillin-CSC to a country in South America.

# SYNTHETIC PROCESSES

PROCESSES  
and Products

PRODUCT  
DIVISIONS

## CHLORI- NATION

BENZENE  
HEXACHLORIDE

## HIGH PRESSURE

AMMONIA

METHANOL

## VAPOR-PHASE NITRATION

NITRO-  
PARAFFINS

Other  
Products  
Formulated  
and/or  
Marketed

### Industrial Chemicals

Anhydrous Ammonia  
Refrigeration Grade  
Derivatives  
Benzyltrimethyl-  
ammonium chloride  
Diisopropylamine  
Dimethylamine  
Isopropylamine  
Monomethylamine  
Trimethylamine  
Choline Bicarbonate  
Technical Grade  
(For manufacturing  
use only)

Methanol  
Derivatives  
Formaldehyde  
Pentaerythritol

Nitroethane  
Nitromethane  
1-Nitropropane  
2-Nitropropane  
Nitroparaffin  
Derivatives  
Aminohydroxy  
Compounds  
Nitrohydroxy  
Compounds  
Hydroxylamine  
Salts  
ALKATERGE-C®

Amyl Acetate  
Flavoring  
Isoamyl Alcohol  
Nitrocellulose  
Solutions  
Dry Ice  
Refined Fusel Oil

**csc**

### Pharmaceuticals

KWELL®  
Lotion  
Ointment

Choline Gluconate  
DIA-DISCS®  
EXPANDEX  
GLUCURONE®  
GLUCO-MYCIN®  
Inositol  
TOLANATE®  
SIRNOSITOL®

### Agricultural Chemicals

Benzene Hexachloride  
Technical Grade

Anhydrous Ammonia  
Commercial Grade  
Dixsol  
Nitrogen Solutions

DILAN®  
Technical Grade  
Liquid Concentrate  
ETHIDE®

### Animal Nutrition

Choline Chloride  
Aqueous  
Dry  
Niacin  
Vitamin B12  
Supplement  
PROFORM-6

### Automotive Specialties

NORWAY® Anti-freeze

NORWAY  
PRODUCTS  
Carburetor Cleaner  
Car Wash  
Penetrating Oil  
Radiator  
Anti-Rust  
Cleaner  
Stop Leak  
Quick Flush  
Windshield Washer  
Fluid  
NORWAY Dry-Ex®  
PEAK® Anti-Freeze

### Potable Spirits

Rack House Barrel  
Storage (Service)

# BIOLOGICAL PROCESSES

## MOLD

## BACTERIA

## YEAST

### RIBOFLAVIN

### PENICILLIN

### BACITRACIN

### ACETONE

### BUTANOL

### ETHYL ALCOHOL

Crystalline  
Riboflavin—R.S.  
Riboflavin U.S.P.  
(For manufacturing  
use only)

Acetone

Butanol  
Butanol  
Derivatives  
Butyl Acetate  
Butyl Lactate  
Butyl Stearate  
Dibutyl Maleate  
Dibutyl Phthalate  
Tributyl Phosphate

Ethyl Alcohol  
All S. D. and C. D.  
Formulas  
Rossville Cologne  
Spirits®  
SHELLACOL®  
QUAKERSOL®  
Ethyl Alcohol  
Derivatives  
Acetic Acid  
Ethyl Acetate  
Ethyl Lactate  
Diethyl Maleate  
Other Ethyl Esters

Penicillin-CSC  
Procaine in Oil  
Tablets  
Troches  
Vials for paren-  
teral injection

BI-PEN®  
COMPENAMINE  
SOLTABS®  
Veterinary  
Products

Bacitracin-CSC  
Nasal  
Ointments  
Tablets  
Systemic  
Troches  
Vaginal  
Suppositories  
BACILLYRIUM  
NEOBACIN  
Veterinary  
Products

ROSSVILLE® ALCOHOL

Ethyl Formate  
Metaldehyde

Riboflavin Feed  
Supplements  
B-Y-16®  
B-Y-21®  
B-Y-500®

Antibiotic Feed  
Supplement  
PENBAC

Antibiotic Feed  
Supplements  
BACIFERM-5  
DUOFERM

Concentrated Distillers'  
Molasses Solubles  
Distillers' Dried  
Grains

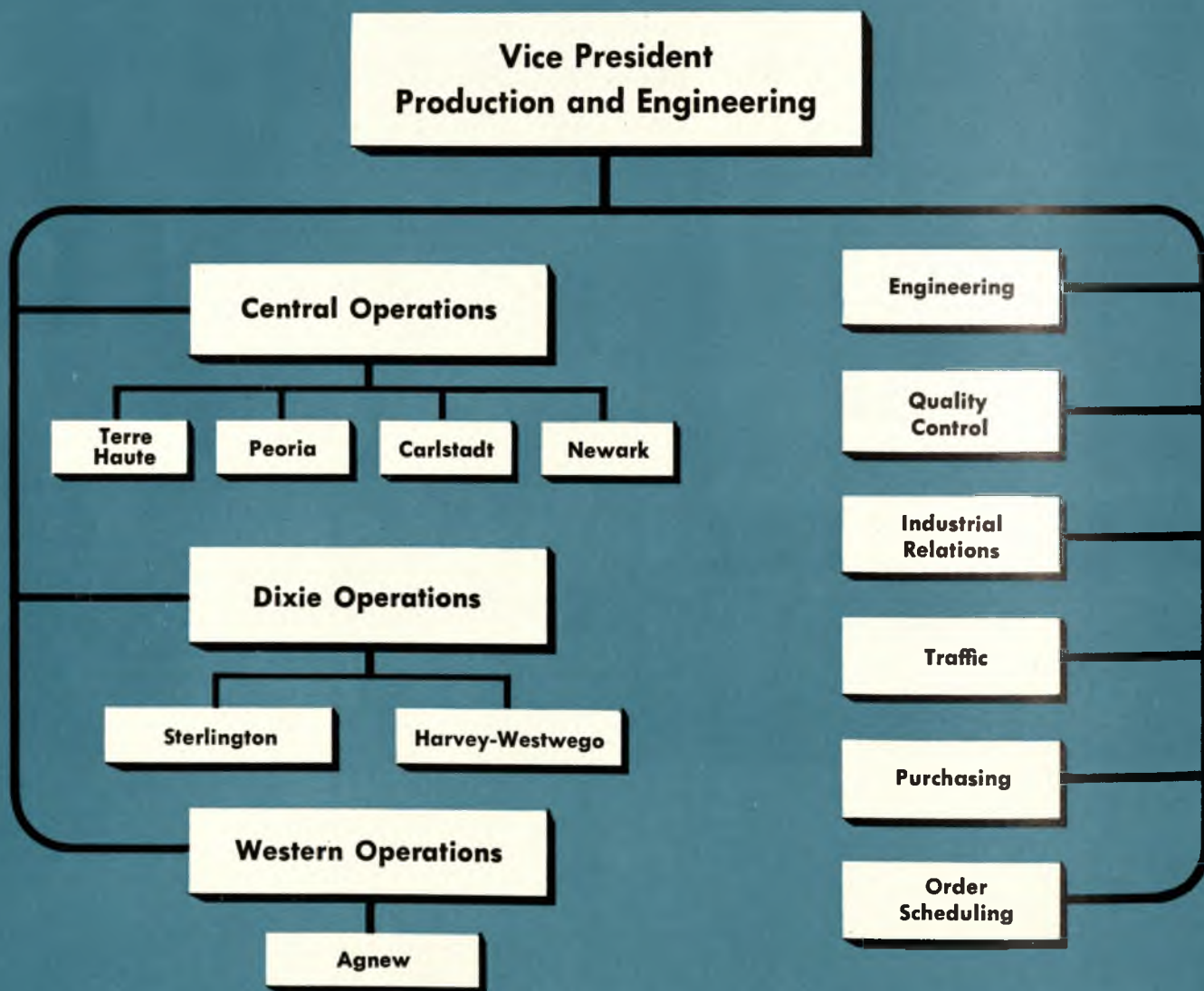
Anti-freeze  
Ajax®  
Quixol®

Neutral Spirits  
Whiskeys  
Bourbon  
Corn  
Rye

# Production and Engineering



Maynard C. Wheeler, Vice President



OPERATIONS in your company's plants in 1951 were outstanding, with the output of many products at new high levels. Substantial progress was made in our continuing program of manufacturing cost reduction.

Changes were effected in the production organization to achieve a further degree of decentralization and a sharper definition of function.

### Plant Operations

The Terre Haute, Peoria, Carlstadt and Newark plants became part of the Central Production Division under the management of H. E. Kieweg.

The Dixie Production Division, under J. E. Wheeler, was formed to include the Sterlington and Harvey-Westwego plants.

Operations at Agnew, California, under R. B. Crowell, became the Western Production Division.

### Quality Control

Your company's emphasis on production quality control was highlighted by the creation of a department for this purpose. With an extensive staff of specialists and technicians, this group is responsible for continuing supervision of manufacturing to maintain the company's high quality standards.

### Industrial Relations

Employee relations during the year were excellent. No interference with production schedules occurred due to labor difficulties. There was continued emphasis on the plant safety program.

### Purchasing

Control over purchasing was strengthened with the creation of a Central Purchasing Department. There were very few instances in which shortages of raw materials handicapped operations.

### Traffic

Improvement in loading and shipping practices resulted in substantial reduction in the occurrence of shortage and damage in shipments. The average claim amounted to less than half that of the previous year.

### Engineering

In the extensive program projected under our company's "blueprint for expansion", engineering has assumed a role of major importance. An enlarged department is carrying out the design and construction of major projects and plant expansion approved and under way during the year.

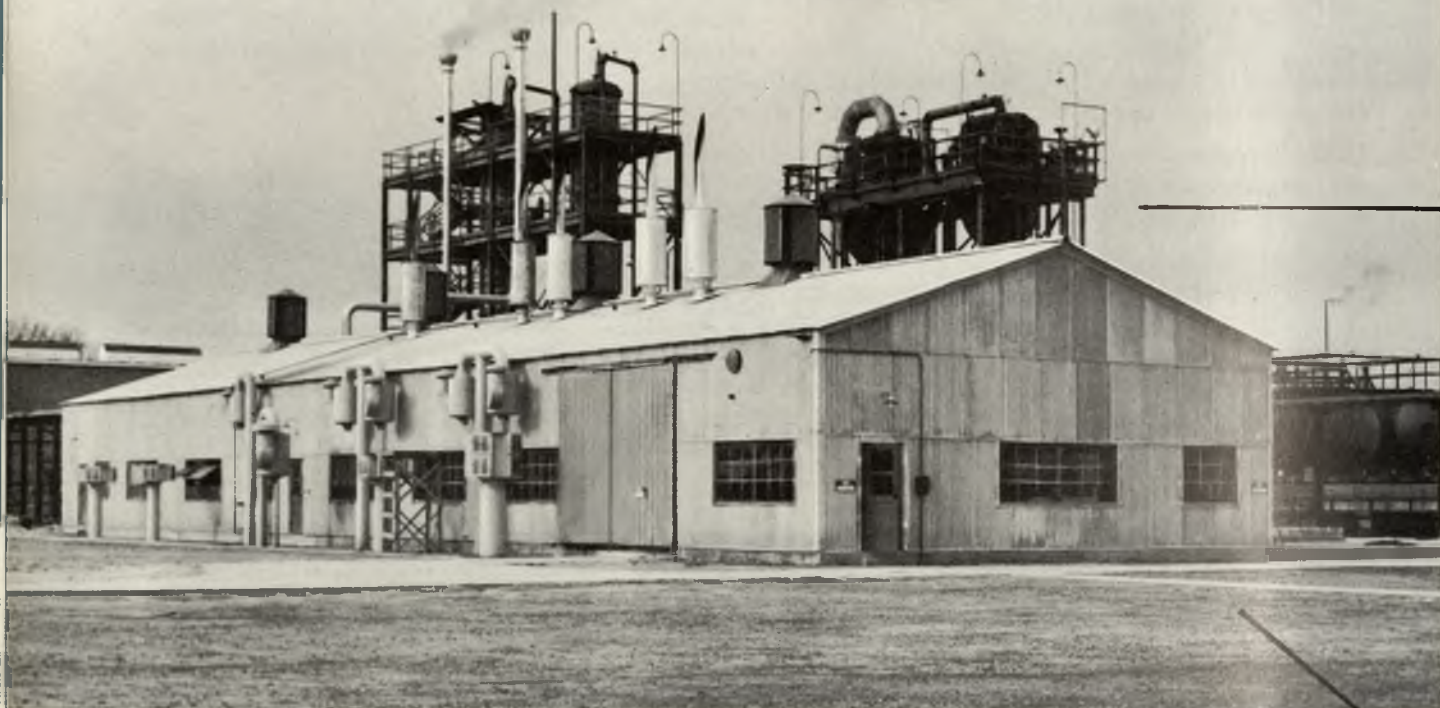


### 1950 SAFETY AWARD TO STERLINGTON PLANT

J. R. Troeltzsch (center) process superintendent of Sterlington plant receives CSC Safety Pennant for 1950 from M. C. Wheeler (left) vice president, production and engineering and J. E. Wheeler (right) manager of Dixie Operations. Other safety awards received by the Sterlington plant were: plaque from the National Safety Council; a Certificate of Merit by Liberty Mutual Insurance Company; and a certificate from the Manufacturing Chemists' Association.

More  
Products

More  
Production



Nitric acid plant. The production of nitric acid is the first step in the preparation of nitrogen solutions for fertilizer.

## from STERLINGTON

**Nitrogen Solutions:** The first tank car of DIXSOL nitrogen solutions was shipped on October 8, 1951. Completion of this project is an important step in our nitrogen development program.

**Ammonium Nitrate:** Expenditure of \$4,087,000 was approved covering construction of a new plant to produce solid ammonium nitrate. Facilities have been certified permitting accelerated amortization of 50% of the cost for income tax purposes. Plant is scheduled for completion in 1953.

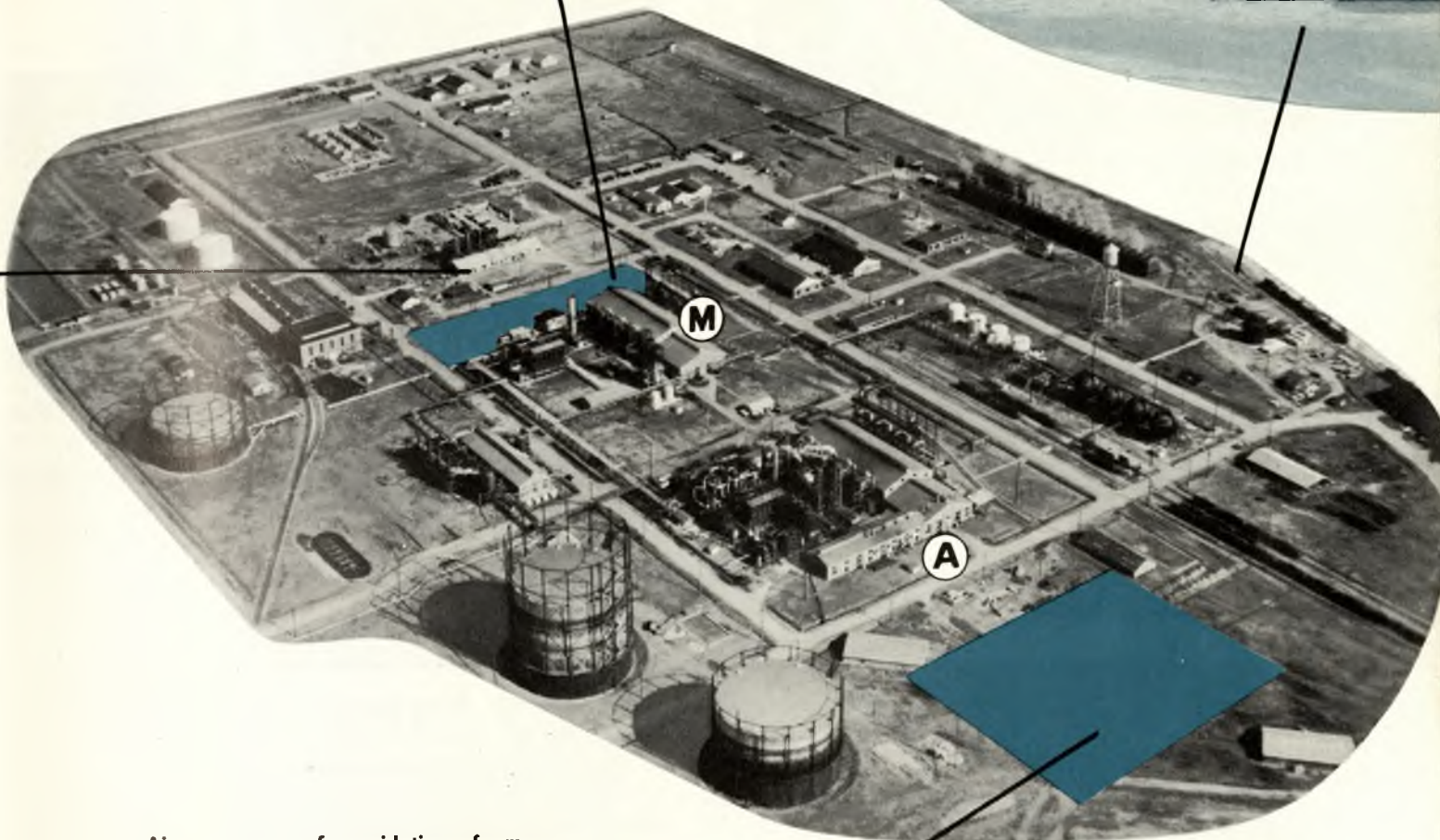
**Ammonia-Methanol:** Construction was begun in October, 1951 on a project estimated to cost \$16,450,000 to double production of ammonia and methanol by the middle of 1953. A Necessity Certificate has been received allowing accelerated tax amortization of 50% of the cost.



Nitrogen solutions blending  
and loading area.

## Methanol Expansion

The present methanol building (M)  
will be extended and adjacent area  
used for auxiliary equipment.



Air compressors for oxidation of am-  
monia used in the manufacture of nitric  
acid.



## Ammonia Expansion

A second unit will be con-  
structed in this area. It will be a duplicate  
of present plant A.

## from AGNEW

FORMALDEHYDE production exceeded designed capacity. Changes in process and in equipment, started in 1951 and continuing into 1952, are expected to more than double the company's formaldehyde output in California.

In cooperation with the research department, pilot plant production of pentaerythritol was significantly increased.



Portion of new pharmaceutical packing plant.



EXPANDEX plant—photograph taken January 15, 1952.

## from TERRE HAUTE

**Antibiotic Expansion:** Additional facilities were made available for the production of bulk antibiotics, most of which were completed by the end of 1951. Construction changes and additions to the existing antibiotic bulk plants proceeded throughout the year. The appropriation for this purpose was approved in 1950. Necessity Certificates permitting accelerated tax amortization of 65% of the cost of these facilities have been received.

**Pharmaceutical Packaging:** A new pharmaceutical packaging unit was sufficiently advanced to permit part operation of the facilities by mid-1951. The plant has been designed in accordance with the latest principles of materials flow and permits efficient and low cost operation.

**Dextran:** Last June, approval was granted for the erection of a plant and service facilities to produce annually one million bottles of EXPANDEX, dextran blood volume expander. A Necessity Certificate was received in July permitting accelerated tax amortization of 80% of the cost. The plant is expected to be in operation by the middle of 1952.

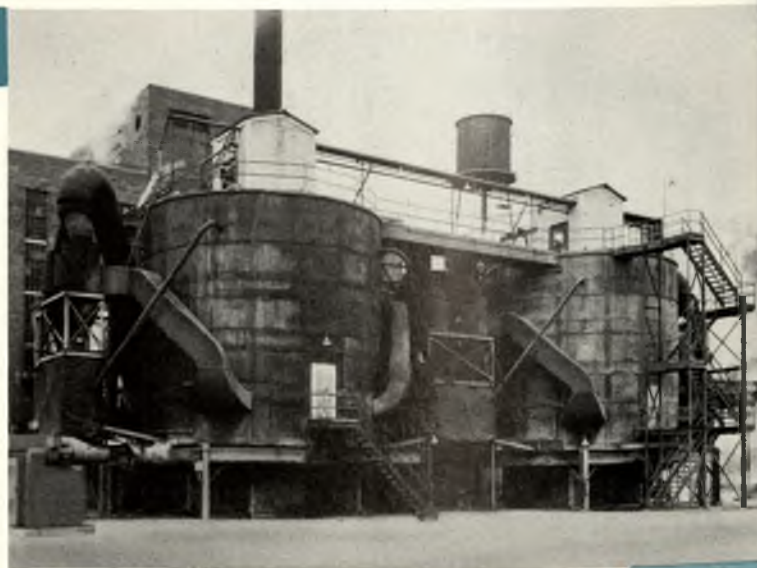
**Benzene Hexachloride:** Production of benzene hexachloride, a pesticide particularly effective in controlling the cotton boll weevil, was at a record level owing to an expansion completed late in 1950 as well as to significant improvements in process efficiency.

**Vitamin Feed Supplements:** Two projects for expanding production facilities for these important products were begun and were substantially completed in 1951. They will increase production as well as make available products with improved physical characteristics.

## from PEORIA

**Antibiotic Feed Supplements:** The first shipments of our new antibiotic feed supplement, BACIFERM, were made early in the year. DUOFERM, a combination of BACIFERM and PROFERM (our B<sub>12</sub> supplement) also became available. Additional facilities for aerobic fermentation will be completed shortly which will further increase production. Production flexibility has been obtained by constructing these facilities to produce either antibiotic or vitamin feed supplements.

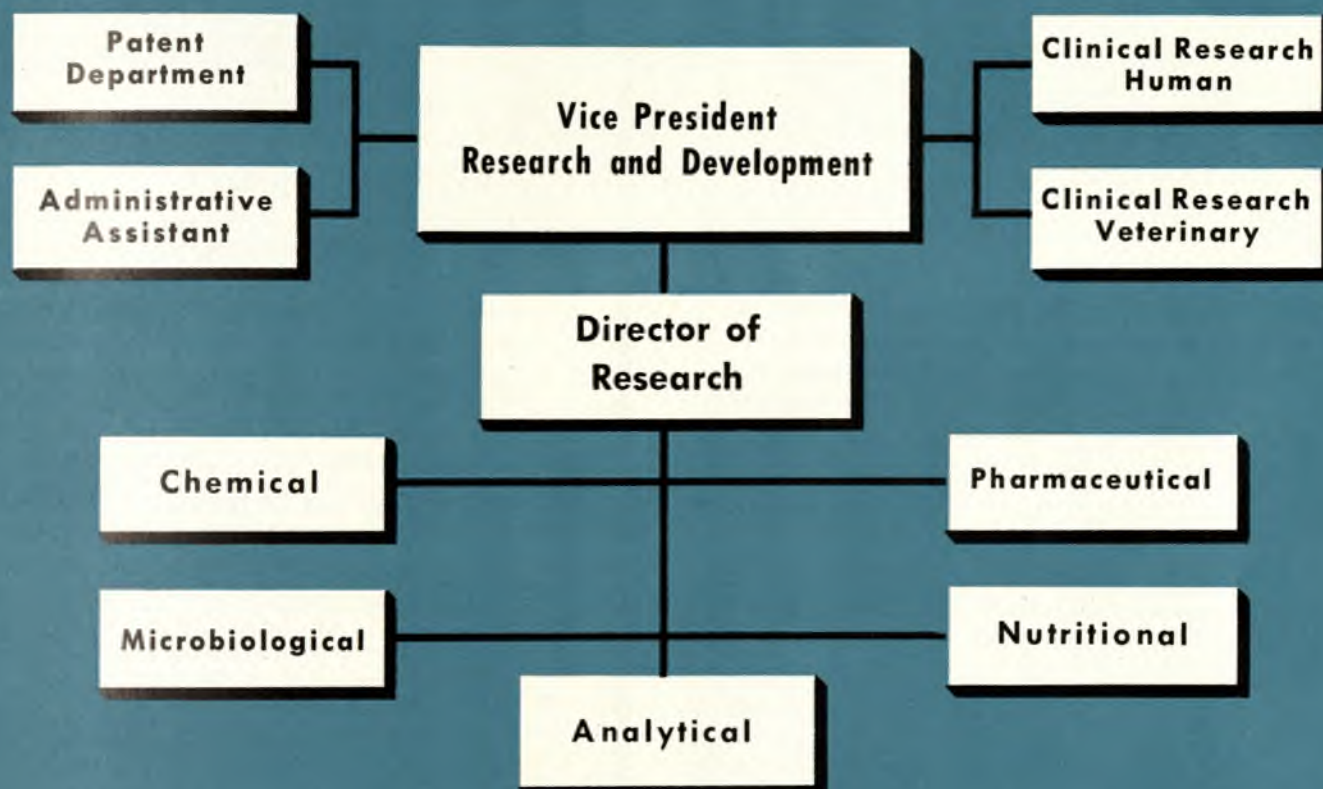
**Hydroxylammonium Sulfate:** Facilities for the production of this industrial product were approved in September 1951 and are expected to be in operation during 1952.



Part of new antibiotic feed plant at Peoria.

# Research and Development

T. S. Carswell, Vice President



THE OVERALL POLICY of Commercial Solvents' research is to contribute as actively and as rapidly as possible to the growth and profit of the Corporation. The program for research is a blueprint for the future expansion of your company.

CSC research and development contributed to the 1951 profits and advancement of your company in three ways:

- The development of new products, such as BACIFERM, COMPENAMINE and EXPANDEX.
- The discovery of new uses for old products.
- Further improvement of manufacturing processes to strengthen your company's position in a competitive market through lower costs and consistent high product quality.

Close and constant cooperation between research and all branches of our organization has contributed to the building up of an effective, hard-hitting, research-minded Corporation.



## Patent Department

**F. M. Crawford, Patent Counsel**

FIFTY-SEVEN patents and trade-marks were secured by the Patent Department of CSC last year. This is a record for new products, improved processes, and inventions developed by your research and production staffs. With legal protection, these patents become valuable assets to your company.

The Patent Department cooperates closely with the Research, Production and Product Divisions as the continuing work of improving manufacturing methods is carried on in our laboratories and plants.

Costly litigation in the patent field has been prevented by this close teamwork with the operating divisions of the company.

## Research



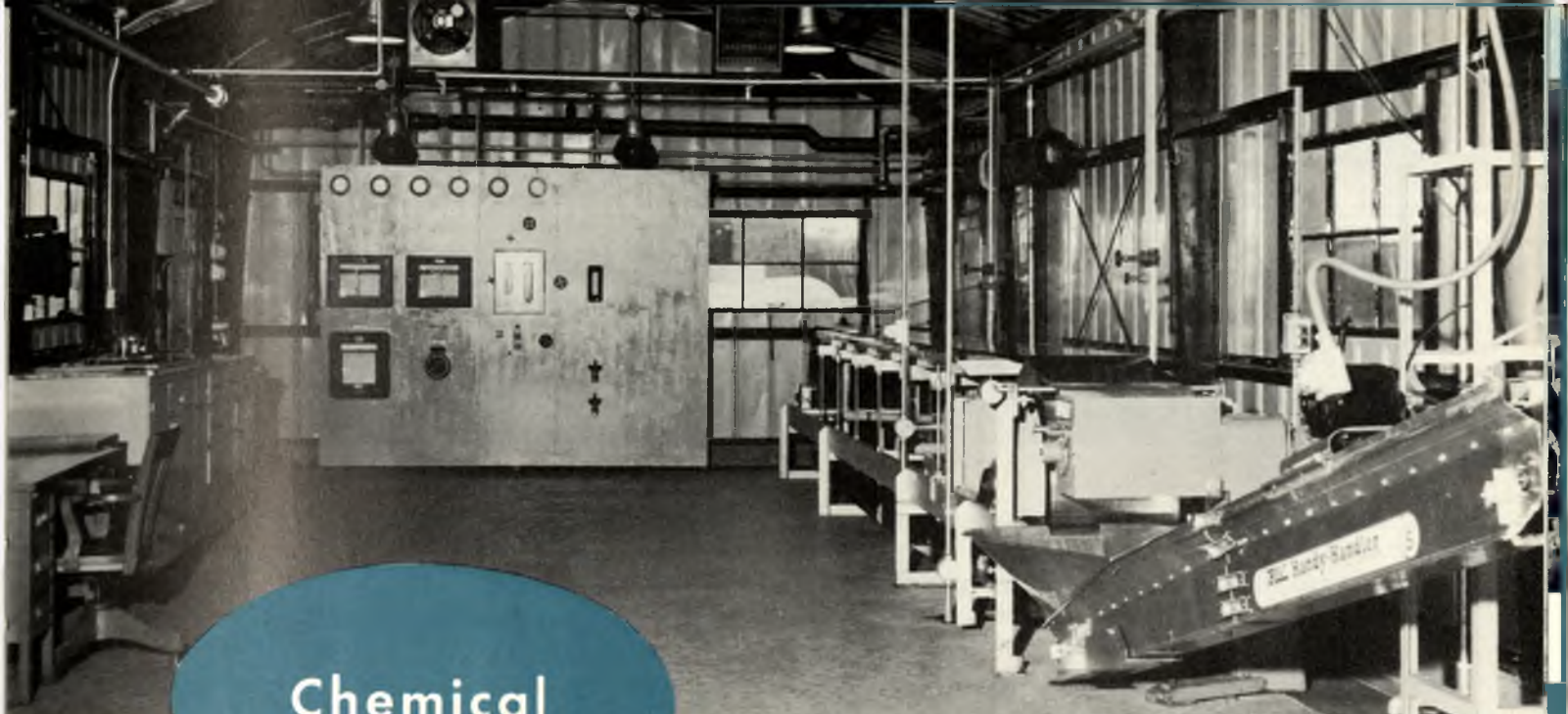
**Jerome L. Martin, B.S., Ph.D., Director**

THERE ARE almost 300 men and women working in our chemical, microbiological, pharmaceutical, nutritional and analytical groups. Their combined skills are an effective force towards securing your company's future in a changing and fast-moving industry.

Staff members are assisted by a group of scientists, each an authority in his field, retained as consultants.

Preparation and budgeting of the research program is done in close cooperation with your company's Product Divisions and all management groups.

Fellowships are maintained at major universities for research in the basic sciences. Results of these studies are important to work conducted on specific projects in your company's own research laboratories.



## Chemical

New pilot plant at Sterlington for production of ammonium nitrate by the Stengel process.

**Richard S. Egly, B.S., Ch.E., Ph.D., Director**

COINCIDENT with plans for ammonia-methanol expansion, major research emphasis during the year was devoted to these products and their derivatives. This work was carried out in our Terre Haute research center and on a pilot plant scale in Sterlington, Louisiana, and Agnew, California.

Quality improvements, together with reduced costs from process improvements, have extended the usefulness of nitroparaffins as solvents and give promise of expanded usage for these exclusive CSC compounds.

A new low-cost process was discovered and patented for making solid ammonium nitrate fertilizer. A pilot plant for its manufacture was set up at Sterlington.

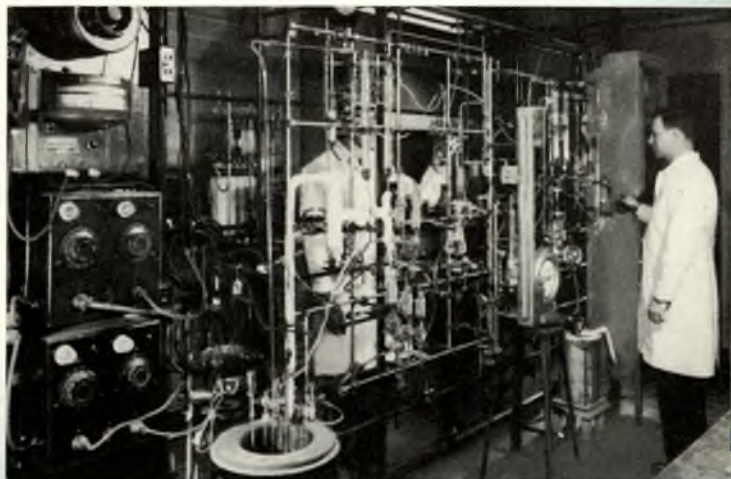
Better process methods for animal feed supplements were developed to production scale and chemical research brought DILAN® to the initial marketing stage during the year.

The chemical pilot plant at Terre Haute not only worked out a production process for COMPENAMINE, but also produced sufficient material for introduction of this product into the medical field.

Older processes also received our attention, and suggested improvements, such as in the operation of the absolute alcohol process, resulted in an increased output, decreased cost, and improved quality.



Chemical pilot plant at Terre Haute.



A typical laboratory unit used for the study of gas reactions.

# Microbiological

M. C. Bachman, B.S., M.S., Director



MANY OF your company's products are made by bacteriological fermentation. The development and improvement of fermentation processes and allied projects is the work of Microbiological Research.

During 1951, our staff was called upon to develop a satisfactory process for manufacturing EXPANDEX in quantity for the Armed Forces. By the close of the year, a pilot plant at Terre Haute was producing this pharmaceutical. Production will continue at pilot level until the new plant begins operations in mid 1952.

As a result of important work in increased yields and improved quality, your company is now pro-

ducing penicillin at considerably better than the old rate.

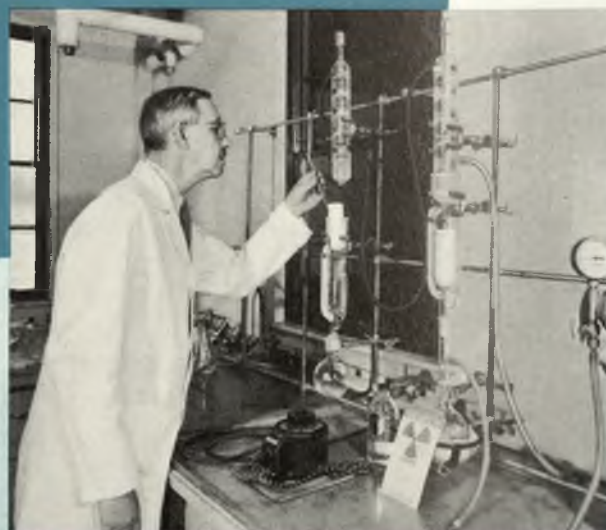
Under the continuing screening program, a number of new antibiotics were isolated in our laboratories during 1951. Extensive tests were conducted to determine their effectiveness against various micro-organisms, such as those causing tuberculosis, poliomyelitis and pneumonia. Several of these have shown definite activity against disease-producing bacteria.

During the year, laboratory and pilot plant research was completed to the point that several feed supplements, such as BACIFERM and PRO-FERM, were placed in full scale production.

## Production of radioactive EXPANDEX was a joint venture of Argonne National Laboratory and CSC researchers



**1** George Kostal of Argonne examines canna leaves used in synthesizing radioactive sugar.



**2** Dr. Julian Dale of CSC is shown at Argonne National Laboratory as he extracts radioactive sugar from the canna leaves.

# Pharmaceutical

Fred H. Schultz, Jr., B.S., M.S., Ph.D., Director



DURING THE YEAR, pharmaceutical research devoted its major attention to COMPENAMINE, the new repository form of penicillin; EXPANDEX, the blood volume expander; plus important work on development and perfection of other new pharmaceuticals.

COMPENAMINE is a new insoluble form of penicillin developed in CSC's laboratories. Therapeutically, it is as effective as procaine penicillin and has an advantage inasmuch as certain individuals who show sensitivity reactions to procaine penicillin can be treated with COMPENAMINE.

EXPANDEX has been released by the Food and Drug Administration and has been approved by the National Research Council for emergency use and stockpiling by the Armed Forces.

Our scientists cooperated with the Argonne National Laboratory to prepare EXPANDEX labeled with radioactive carbon. When the radioactive product was given to experimental animals and man in a number of medical schools, it was found to be broken down in a manner similar to other

carbohydrates. This latter work provided data which overcame the scientific objection that EXPANDEX might be stored in the human body as was the case with earlier blood volume expanders. EXPANDEX has also been used successfully in the treatment of a kidney disorder known as nephrosis.

Sulfated dextran, a blood anticoagulant, is another product we are now developing. It is less expensive than the anticoagulant heparin and with estimates of blood clot deaths running into 300,000 yearly, sulfated dextran may be an important development.

NEOBACIN, a combination of neomycin and bacitracin has been found to be highly effective in the treatment of infantile diarrheas. This product will be marketed in 1952.

Work was completed during the year on DIADISCS®, a diagnostic aid to the physician in selecting the proper antibiotic to be used in treating his patient. This product was marketed to the medical profession in 1951.



**3** Dr. Alfred Stanley of CSC isolates the radioactive EXPANDEX which has been prepared by the fermentation of radioactive sugar shown in previous photograph.



**4** Dr. N. J. Scully, director of Argonne's radioactive dextran program, is shown determining the amount of radioactivity contained in a sample of radioactive EXPANDEX.

# Clinical



**H. J. Byrne, Ph.D., M.D.**

BEFORE the announcement of any new pharmaceutical products, CSC Pharmaceuticals must be assured that the product is beneficial and that there has been thorough clinical evaluation of the new therapeutic agent. This is the work of Clinical Research, which functions as a liaison between the laboratory and the clinical investigator.

After a product has passed through the laboratory stage, during which the suggested use and safety of the new product have been established in experimental animals, arrangements are made with carefully selected clinical investigators for a preliminary study of the product in man. These clinical investigators are selected on the basis of their specialized training as well as the laboratory facilities available to them.

As one example of such work in 1951, Clinical Research sent several thousand bottles of EXPANDEX to the country's outstanding investigators, who were in part selected by the National Research Council. These investigators initiated cautious preliminary trials in a small number of patients. Then they conducted exhaustive laboratory tests which revealed the clinical effectiveness and safety of the product. When they were satisfied with the results obtained, these investigators extended their testing to a large number of cases.

Final results showed EXPANDEX to be a highly effective and safe blood volume expander and it was approved for clinical use.



**R. C. Klussendorf, B.Sc.Ag., D.V.M.**

A SUBSTANTIAL and profitable market for many CSC Pharmaceutical products lies in the field of veterinary medicine. Clinical Veterinary Research was formed during 1951 to expand the application of your company's products in veterinary medicine, and to assist in the development and clinical evaluation of specialty products for the veterinarian.

New specialty products have been formulated and are now undergoing testing. Our research laboratories have furnished the clinical departments of a number of colleges of veterinary medicine, and a selected group of practicing veterinarians with experimental pharmaceuticals.

There is every indication that this program will develop a profitable new market.

**Sample department properly labels all new products before shipment to investigators for clinical evaluation.**



## Nutritional

**J. M. Pensack, B.S., M.S., Ph.D., Director**

IN RECOGNITION of the important position which Commercial Solvents has achieved, through research, as a manufacturer of animal feed supplements, a new research division for this work was formed during 1951.

The efforts of Nutritional Research have been concentrated on the development of new animal nutrients for this fast-growing industry.

Two new products, BACIFERM and DUOFERM, were introduced and supplied to the feed industry during the year. Marketing of these products culminates more than three years of research by Commercial Solvents on the effects of vitamin B<sub>12</sub> and antibiotics on feed efficiency and the growth of farm animals.

Carefully controlled nutritional studies on animals, form the basis for all research recommendations in this field. Nutritional research facilities now include an experimental farm which has already undertaken an extensive evaluation and development program.



Animal nutrition farm is located at Terre Haute.

## Analytical

**John A. Riddick, A.B., M.A., Ph.D., Director**

BY DEVELOPING simplified methods and new instrumentation, the Analytical Division has been able to operate at greater efficiency with increased service to the research organization.

Improvements in methods for assaying antibiotics have provided production with more accurate and reliable methods for control of manufacturing operations.

Considerable use was made of instrumental colorimetry as a method of analysis. This has been particularly applicable to certain pharmaceutical and agricultural chemicals.

Since blood volume expanders must meet the strictest specifications, emphasis was placed on the development of sensitive qualifying tests for our new product, EXPANDEX.

The spectrum revealed by this infra-red spectrometer offers a means of identifying and analyzing many materials.



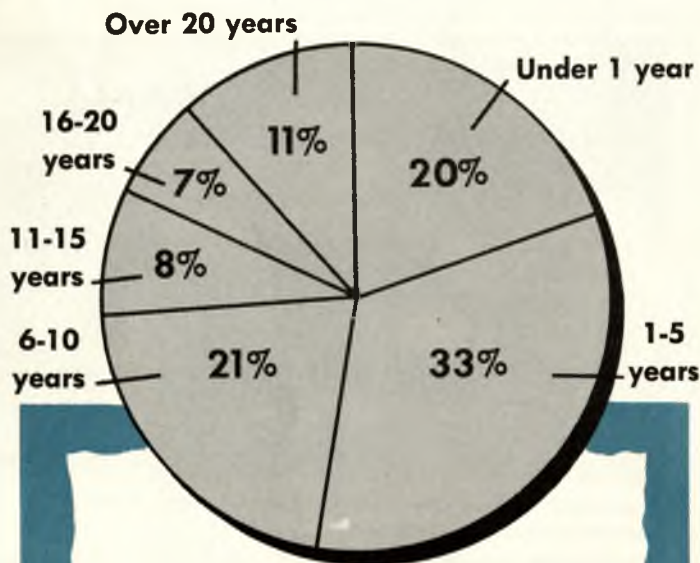
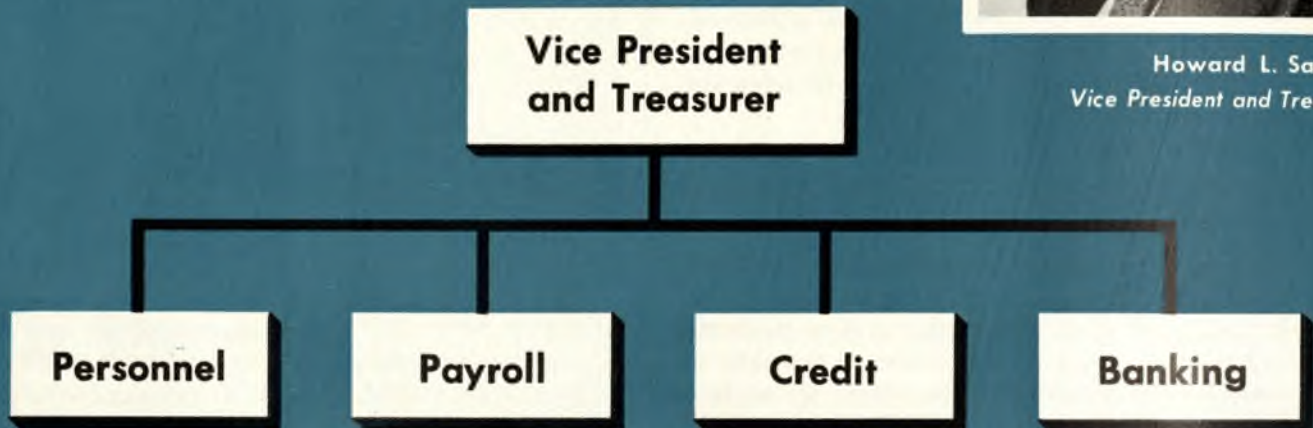
Mass spectrometer, one of many different units in the Analytical Research section.



# Finance and Personnel



Howard L. Sanders  
Vice President and Treasurer



December 31, 1951

**EMPLOYEES** in 1951 totalled 2,555, an increase of 150 over the 2,405 in 1950.

IT IS NECESSARY for our company to maintain a strong financial position in order to carry out its blueprint expansion program. Our present working capital, together with funds provided by the loan agreement with insurance companies, assure substantial expansion without the dilution of the equity of present shareholders.

A vigilant credit department, well versed in the particular problems of each field of the Corporation's business, is maintained for the proper credit control of sales efforts.

The company continued in force its program for group insurance, pension coverage, and health insurance for all its employees. At the present time 56 former employees of the company are retired under pension provided through the company's retirement plans.

In order to be certain that our program is modern and reasonable, within our ability to pay, a survey of employee benefit plans is being made by outside institutions. This survey will make comparisons with other companies in similar fields and recommend possible changes in our plans.

# Accounting

YOUR COMPANY is organized to secure prompt submission and interpretation of reports on operations, statistical data and various analyses, forecasts of earnings and the comparison of actual and forecasted results. Our expanding business has required additional tabulating and calculating equipment, as well as microfilming apparatus during the past year.

Your Corporation's assets are protected through adequate insurance coverage and we also insure ourselves against loss of profits resulting from certain insurable production stoppages. Our staff cooperates with underwriters and plant personnel to assure the safety of our employees and to protect the company's property.

Changing tax rates, new regulations by Governmental authorities, and court decisions in tax matters, make it necessary to maintain a competent tax staff. This staff studies the effect of taxes and regulations on potential profits in advance of each major expansion step.

## Per Share Common Stock

	Employees (Wages, Salaries and Benefits)	Government (Taxes)	Shareholders (Dividends)	Retained in Business
1947	\$2.96	\$2.12	\$1.50	\$1.94
1948	\$3.01	\$1.28	\$1.50	.60
1949	\$3.16	\$ .73	\$1.50	.22*
1950	\$3.44	\$1.38	\$1.25	.71
1951	\$4.10	\$2.23	\$1.25	.97

\*Represents excess of dividends over net earnings.



Anthony H. Braun  
Controller

## Controller

General  
Accounting

Tax

Insurance

Auditing

IBM accounting machine—one of several types placed in operation during 1951.



# Commercial Solvents Corporation

## CONSOLIDATED FINANCIAL POSITION AT DECEMBER 31, 1951

### CURRENT ASSETS:

Cash . . . . .	\$10,036,035
U. S. Government securities, at cost, which approximates market . . . . .	150,000
Accounts receivable (less reserve of \$318,614 for doubtful accounts) . . . . .	7,127,404
Inventories of raw materials, goods in process and finished products, at the lower of cost or market . . . . .	15,480,550
Total Current Assets . . . . .	<u>\$32,793,989</u>

### DEDUCT CURRENT LIABILITIES:

Accounts payable . . . . .	\$ 2,415,994
Accrued Federal taxes on income . . . . .	5,774,021
Other accrued taxes and expenses . . . . .	<u>861,408</u>
Total Current Liabilities . . . . .	<u>9,051,423</u>

<b>NET CURRENT ASSETS</b> . . . . .	<u>\$23,742,566</u>
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<b>NON-CURRENT ACCOUNT RECEIVABLE</b> , Due 1953 through 1956 . . . . .	900,000
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### INVESTMENT IN THERMATOMIC CARBON COMPANY

(controlled company not consolidated), at cost, less reserve . . . . .	166,972
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### PROPERTY:

Land, buildings and equipment, at cost . . . . .	\$38,643,743
Less reserves for depreciation, amortization and obsolescence . . . . .	<u>17,660,658</u>
	20,983,085

<b>GOODWILL AND PATENTS</b> . . . . .	1
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<b>DEFERRED CHARGES</b> (Insurance, taxes, supplies inventory, etc.) . . . . .	<u>2,979,885</u>
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<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b> . . . . .	<u>\$48,772,509</u>
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### DEDUCT LONG-TERM DEBT AND DEFERRED INCOME:

3¾% Notes payable . . . . .	\$10,000,000
Deferred income . . . . .	<u>1,200,000</u>
	11,200,000

<b>NET ASSETS</b> . . . . .	<u><u>\$37,572,509</u></u>
-----------------------------	----------------------------

### SOURCE OF NET ASSETS:

Common stock—no par value: Authorized—3,000,000 shares Issued —2,636,878 shares . . . . .	\$ 6,593,452
Capital surplus (no change during year) . . . . .	4,325,514
Earnings employed in the business at end of year . . . . .	26,653,543
	<u><u>\$37,572,509</u></u>

# **CONSOLIDATED EARNINGS AND SUMMARY OF EARNINGS EMPLOYED IN THE BUSINESS FOR THE YEAR ENDED DECEMBER 31, 1951**

Sales—net . . . . .		\$61,172,149
Other operating net income . . . . .		212,476
		<u>\$61,384,625</u>
Cost of sales and expenses . . . . .		50,796,005
Earnings from operations (after depreciation and amortization provision of \$1,613,830) . . . . .		<u>\$10,588,620</u>
Dividends and other income received from Thermatomic Carbon Company . . . . .	\$448,288	
Miscellaneous income—net . . . . .	388,739	837,027
		<u>\$11,425,647</u>
Interest on borrowings . . . . .		118,003
Earnings before Federal taxes on income . . . . .		<u>\$11,307,644</u>
Provision for Federal taxes on income (including excess profits tax of \$7,300—payable by subsidiaries) . . . . .		5,465,200
<b>Net earnings for year (\$2.22 per share) . . . . .</b>		<b>\$ 5,842,444</b>
<b>Earnings of prior years employed in the business . . . . .</b>	<b>\$23,617,545</b>	
Reversal of reserve for contingencies provided in prior years . . . . .	489,652	24,107,197
		<u>\$29,949,641</u>
Dividends of \$1.25 per share paid during year . . . . .		3,296,098
<b>Earnings employed in the business at end of year . . . . .</b>		<b><u>\$26,653,543</u></b>

## **NOTES TO FINANCIAL STATEMENTS**

The Corporation's 65.3% equity in the net assets of Thermatomic Carbon Company exceeds the net value at which the investment is carried by \$885,346. The excess of the Corporation's equity in 1951 earnings of said company over dividends received during the year amounted to \$32,543.

Under the loan agreements entered into with insurance companies to finance plant expansion, \$7,000,000 more will be borrowed on May 1, 1952 and an additional \$8,000,000 will be borrowed on October 1, 1952. The notes are payable in approximately equal installments during the period 1957 through 1972. The loan agreements provide, among other things, that the Corporation may not declare any dividend, other than stock dividends, in excess of consolidated retained earnings subsequent to December 31, 1950, plus \$2,500,000. The agreements also require that the declaration of such dividends will not reduce the consolidated net current assets to an amount less than \$15,000,000. At December 31, 1951 \$5,046,346 of the consolidated retained earnings was free of such restrictions.

On November 16, 1950 the Corporation granted to seven key executive employees options to purchase an aggregate of 50,000 shares of its authorized but unissued common stock at a price of \$21 per share. The options are exercisable at any time on or before December 31, 1957. At December 31, 1951 none of the options had been exercised.

The Corporation has filed claims under Section 721 of the Internal Revenue Code for refund of a portion of the excess profits taxes paid for the years 1940 through 1943. The Bureau of Internal Revenue, subject to further review, has notified the Corporation of a partial allowance of these claims. Since final settlement thereof has not been made, the financial statements give no effect thereto.

The Corporation has plant expansion projects in process at December 31, 1951 which it is estimated will cost \$22,700,000 to complete. In respect of projects for which Necessity Certificates have been received, it is estimated that the total cost thereof will be \$26,300,000 (\$4,300,000 has been expended to December 31, 1951) of which \$14,000,000 will be amortized over a five-year period and the balance of \$12,300,000 will be depreciated over normal depreciation periods. Amortization and depreciation on each project will commence upon its completion.

**ARTHUR YOUNG & COMPANY**  
ACCOUNTANTS AND AUDITORS  
165 BROADWAY  
NEW YORK 6, N. Y.

To the Board of Directors of  
Commercial Solvents  
Corporation:

We have examined the statement of consolidated financial position of Commercial Solvents Corporation and Subsidiaries at December 31, 1951 and the related statement of consolidated earnings and summary of earnings employed in the business for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying statements of consolidated financial position and of consolidated earnings and summary of earnings employed in the business present fairly the financial position of Commercial Solvents Corporation and Subsidiaries at December 31, 1951 and the results of their operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

**ARTHUR YOUNG & COMPANY**

New York, N. Y.  
February 5, 1952

# COMMERCIAL SOLVENTS CORPORATION

## CONSOLIDATED FINANCIAL POSITION AT DECEMBER 31 EACH YEAR

	1951	1950	1949	1948	1947
Cash . . . . .	\$10,036,035	\$ 3,894,645	\$ 4,523,624	\$ 4,213,177	\$ 7,346,049
U. S. Government securities . . . . .	150,000	150,000	150,000	1,166,981	1,169,100
Accounts receivable less reserve . . . . .	7,127,404	8,025,678	3,662,593	4,228,460	5,488,391
Inventories . . . . .	15,480,550	10,189,138	8,737,674	7,442,402	6,465,416
Current assets . . . . .	\$32,793,989	\$22,259,461	\$17,073,891	\$17,051,020	\$20,468,956
Deduct current liabilities . . . . .	9,051,423	6,804,084	3,577,112	3,891,851	5,264,635
Net current assets . . . . .	\$23,742,566	\$15,455,377	\$13,496,779	\$13,159,169	\$15,204,321
Non-current account receivable . . . . .	900,000	1,200,000	1,500,000	1,800,000	—
Investments and other assets . . . . .	166,973	166,973	448,712	1,237,016	1,237,016
Land, buildings and equipment . . . . .	38,643,743	34,101,564	32,624,485	31,531,032	26,709,483
Less reserves for depreciation, amortization and obsolescence . . . . .	17,660,658	16,129,608	14,789,036	13,898,367	12,861,231
	<u>\$20,983,085</u>	<u>\$17,971,956</u>	<u>\$17,835,449</u>	<u>\$17,632,665</u>	<u>\$13,848,252</u>
Deferred charges . . . . .	\$ 2,979,885	\$ 1,916,226	\$ 1,829,230	\$ 2,160,867	\$ 2,000,086
Total assets less current liabilities . . . . .	\$48,772,509	\$36,710,532	\$35,110,170	\$35,989,717	\$32,289,675
Deduct:					
Long-term debt . . . . .	10,000,000	—	—	—	—
Deferred income . . . . .	1,200,000	1,500,000	1,800,000	2,100,000	—
Reserves for contingencies and miscellaneous . . . . .	—	674,021	655,165	643,926	631,683
Net assets . . . . .	<u>\$37,572,509</u>	<u>\$34,536,511</u>	<u>\$32,655,005</u>	<u>\$33,245,791</u>	<u>\$31,657,992</u>
Source of net assets:					
Common stock . . . . .	\$ 6,593,452	\$ 6,593,452	\$ 6,593,452	\$ 6,593,452	\$ 6,593,452
Capital surplus . . . . .	4,325,514	4,325,514	4,325,514	4,325,514	4,325,514
Earnings employed in the busi- ness at end of year . . . . .	26,653,543	23,617,545	21,736,039	22,326,825	20,739,026
	<u>\$37,572,509</u>	<u>\$34,536,511</u>	<u>\$32,655,005</u>	<u>\$33,245,791</u>	<u>\$31,657,992</u>

# CONSOLIDATED EARNINGS AND SUMMARY OF EARNINGS EMPLOYED IN THE BUSINESS FOR THE CALENDAR YEARS

	1951	1950	1949	1948	1947 <i>1946</i>
Sales—net (see note) . . . . .	<b>\$61,172,149</b>	\$49,095,073	\$36,364,292	\$45,062,300	\$58,875,556 <i>40,000</i>
Other operating net income . . . . .	<b>212,476</b>	180,693	122,642	30,642	65,299
	<b>\$61,384,625</b>	\$49,275,766	\$36,486,934	\$45,092,942	\$58,940,855
Cost of sales and expenses (see note) . . . . .	<b>50,796,005</b>	42,088,749	32,760,887	37,844,416	45,517,125
Earnings from operations . . . . .	<b>\$10,588,620</b>	\$ 7,187,017	\$ 3,726,047	\$ 7,248,526	\$13,423,730
Dividends and other income—net . . . . .	<b>719,024</b>	1,298,486	1,198,003	1,293,711	879,300
Earnings before Federal taxes on income . . . . .	<b>\$11,307,644</b>	\$ 8,485,503	\$ 4,924,050	\$ 8,542,237	\$14,303,030
Provision for Federal taxes on income . . . . .	<b>5,465,200</b>	3,307,900	1,559,400	2,999,000	5,234,600
Net earnings . . . . .	<b>\$ 5,842,444</b>	\$ 5,177,603	\$ 3,364,650	\$ 5,543,237	\$ 9,068,430
Add:					
Earnings of prior years employed in the business . . . . .	<b>23,617,545</b>	21,736,039	22,326,825	20,739,026	15,782,110
Reversal of reserve for contingencies provided in prior years . . . . .	<b>489,652</b>	—	—	—	—
	<b>\$29,949,641</b>	\$26,913,642	\$25,691,475	\$26,282,263	\$24,850,540
Deduct:					
Dividends paid . . . . .	<b>3,296,098</b>	3,296,097	3,955,436	3,955,438	3,955,378
Charges to earnings employed—net . . . . .	<b>—</b>	—	—	—	156,136
Earnings employed in the business at end of year . . . . .	<b>\$26,653,543</b>	<b>\$23,617,545</b>	<b>\$21,736,039</b>	<b>\$22,326,825</b>	<b>\$20,739,026</b>

*Note: Adjusted for years prior to 1951 to include in cost of sales and expenses, freight and container costs which had been deducted from sales.*

Net earnings per share . . . . .	<b>\$2.22</b>	\$1.96	\$1.28	\$2.10	\$3.44
Dividends paid per share . . . . .	<b>\$1.25</b>	\$1.25	\$1.50	\$1.50	\$1.50

# After 1 Hours

## at Terre Haute



Bowling—most popular sport with women as well as men



NORWAY baseball team had a full schedule in 1951

## at Sterlington



Sterlington baseball diamond—located at one corner of plant property, it is a good field for night or day ball

## at Peoria

Horseshoes it is—favorite noonday pastime



The annual picnic is the day for the youngsters





NOR'WAY basketball team in action—for years league champions



Twenty-Year Club banquet at which directors and officers were guests



Barbecue at club house given by employees for directors and officers



While President Woods didn't barbecue the chickens he is shown serving, he is an expert in the art

Peoria plant basketball team had heavy schedule



Christmas party last December began with movies and ended with a real Santa Claus



# Management

## Directors

### **WILLIS H. BOOTH**

Member of Executive and Finance Committee  
International Business Machines Corp.

### **BROWNLEE O. CURREY**

President, Equitable Securities Corporation

### **CLEMENT R. FORD**

Farmer

### **WILLIAM E. S. GRISWOLD, SR.**

Director and Member of Executive Committee  
W. & J. Sloane

### **HAROLD H. HELM**

President, Chemical Bank and Trust Co.

### **AUSTIN S. IGLEHEART**

President, General Foods Corporation

### **ARTHUR B. LAWRENCE**

Senior Partner, F. S. Smithers & Company

### **LEROY A. LINCOLN**

Chairman of the Board  
Metropolitan Life Insurance Company

### **CARL S. MINER**

Director, The Miner Laboratories

### **HENRY V. B. SMITH**

Partner, H. J. Baker & Bro.

### **MAYNARD C. WHEELER**

Vice President, Commercial Solvents Corporation

### **J. ALBERT WOODS**

President, Commercial Solvents Corporation

## Officers

### **J. ALBERT WOODS**

President

### **THOMAS S. CARSWELL**

Vice President, Research and Development

### **ABBOTT K. HAMILTON**

Vice President, Organization Development

### **HAROLD J. HENRY**

Vice President, Product Divisions

### **HOWARD L. SANDERS**

Vice President and Treasurer

### **MAYNARD C. WHEELER**

Vice President, Production and Engineering

### **ANTHONY H. BRAUN**

Controller

### **ALEXANDER R. BERGEN**

Secretary



Mr. Woods and Mr. Smith  
see the new antibiotics plant



Mr. Griswold and Mr. Ford with Dr.  
Graam (production control laboratories)



At Sterlington, Mr. Lincoln and Mr. Igleheart obtain  
information on ammonia production from Mr. Guelzow



Mr. Sanders and Mr. Ellis (Assis-  
tant to President) in the benzene  
hexachloride plant at Terre Haute



Mr. Booth and Mr. Bergen in the chem-  
ical derivatives plant at Terre Haute  
with Mr. Hancock (quality control)



Mr. Helm entering Terre Haute Research Center



Mr. Lawrence (left) and Mr. Hamilton (right) at rack-houses with Mr. Fischer (Terre Haute plant manager)



Mr. Currey (left) and Mr. Carswell (right) discuss research investigations with Mr. Craig

LAST YEAR marked a new high in management-employee teamwork.

The Board of Directors held its April meeting at our Terre Haute, Indiana, plant. The Sterlington, Louisiana, plant was host to the Board at its October meeting.

Directors, executives and employees became better acquainted at the Twenty-Year Dinner at Terre Haute. A southern barbecue picnic was held by the Dixie plant employees for their visitors.

Directors talked individually with employees and so learned at first hand from the men who carry on the operations about our new processes and increased plant facilities.

Members of the Monroe, Louisiana, Chamber of Commerce were hosts at a dinner given for the visiting directors and executives as a testimonial to the good neighbor program of our Sterlington plant in community relations.



April directors' meeting at Terre Haute Research Center: Left to right —Messrs. Currey, Igleheart, Miner, Booth, Ford, Walker (deceased), Woods, Griswold, Helm, Lincoln, Lawrence, Smith and Wheeler



Mr. Wheeler and Mr. Dudley (Chief Engineer) outside the specialties packaging unit at Terre Haute



Mr. Henry and Mr. Hines (Terre Haute plant superintendent) watch a machine in the pharmaceutical packing plant



Mr. Braun with Dr. Martin (Director of Research) who explains methods used in bacteriological research



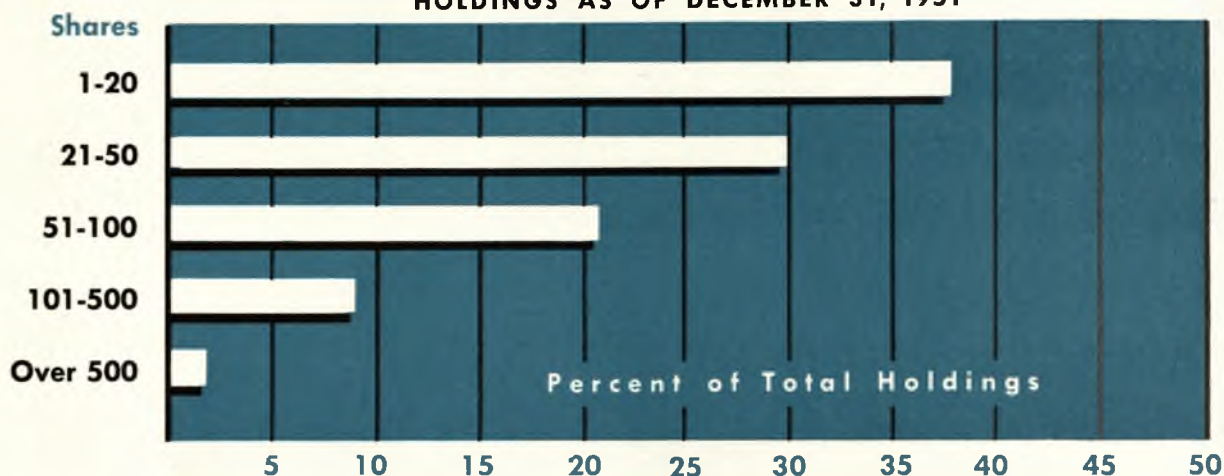
Mr. Miner and Mr. Boardman (Vice President, Thermatomic Carbon Co.) starting through plant at Sterlington

# Shareholder Relations

Alexander R. Bergen, Secretary



HOLDINGS AS OF DECEMBER 31, 1951



THE CHART above sets forth the numerical distribution of the outstanding 2,636,878 shares of common stock of your Corporation. At the close of 1951 these shares were held by 21,535 registered shareholders, located throughout the United States and its possessions and also in 24 foreign countries. Approximately five hundred bank and fiduciary nominees, brokers, investment trusts and institutions such as insurance companies are included in the figure of registered shareholders and several thousand additional investors are so represented.

Your Corporation does not handle the actual transfer of its stock certificates, but it does

maintain ledger accounts for all shareholders and consequently is in position to give direct attention to all correspondence from its shareholders with respect to their holdings, dividends or other matters. All shareholders are urged to notify the Corporation promptly regarding any changes in their addresses so that the records may be kept up to date at all times to avoid unnecessary delays in transmitting dividends and other communications.

Quarterly progress reports are sent with dividend checks to all registered shareholders to keep you informed of the activities of your Corporation throughout the year.



## Commercial Solvents Award

In the Financial World survey of Annual Reports for 1950, Commercial Solvents Corporation was judged as having the best annual report of the Chemical Industry.



	BRANCH OFFICE	AGENT	WAREHOUSE	PLANT
AGNEW, CALIF.				
ATLANTA, GA.				
BALTIMORE, MD.				
BOISE, IDAHO				
BOSTON, MASS.				
BUFFALO, N. Y.				
CARLSTADT, N. J.				
CHARLOTTE, N. C.				
CHICAGO, ILL.				
CINCINNATI, OHIO				
CLEVELAND, OHIO				
DALLAS, TEXAS				
DENVER, COLO.				
DES MOINES, IOWA				
DETROIT, MICH.				
HARVEY, LA.				
LEWISTON, N. Y.				
LOS ANGELES, CALIF.				
LOUISVILLE, KY.				
MIAMI, FLA.				
MINNEAPOLIS, MINN.				
NEWARK, N. J.				
NEW CASTLE, PA.				
NEW ORLEANS, LA.				
NEW YORK, N. Y.				
PEORIA, ILL.				
PHILADELPHIA, PA.				
PORTLAND, ORE.				
ST. LOUIS, MO.				
ST. PAUL, MINN.				
SAN FRANCISCO, CALIF.				
SEATTLE, WASH.				
SPOKANE, WASH.				
STERLINGTON, LA.				
TERRE HAUTE, IND.				
TORONTO, CANADA				
WESTWEGO, LA.				

AGNEW, CALIF.  
 ATLANTA, GA.  
 BALTIMORE, MD.  
 BOISE, IDAHO  
 BOSTON, MASS.  
 BUFFALO, N. Y.  
 CARLSTADT, N. J.  
 CHARLOTTE, N. C.  
 CHICAGO, ILL.  
 CINCINNATI, OHIO  
 CLEVELAND, OHIO  
 DALLAS, TEXAS  
 DENVER, COLO.  
 DES MOINES, IOWA  
 DETROIT, MICH.  
 HARVEY, LA.  
 LEWISTON, N. Y.  
 LOS ANGELES, CALIF.  
 LOUISVILLE, KY.  
 MIAMI, FLA.  
 MINNEAPOLIS, MINN.  
 NEWARK, N. J.  
 NEW CASTLE, PA.  
 NEW ORLEANS, LA.  
 NEW YORK, N. Y.  
 PEORIA, ILL.  
 PHILADELPHIA, PA.  
 PORTLAND, ORE.  
 ST. LOUIS, MO.  
 ST. PAUL, MINN.  
 SAN FRANCISCO, CALIF.  
 SEATTLE, WASH.  
 SPOKANE, WASH.  
 STERLINGTON, LA.  
 TERRE HAUTE, IND.  
 TORONTO, CANADA  
 WESTWEGO, LA.





Agricultural Chemicals



Industrial Chemicals



Animal Nutrition Products



33<sup>rd</sup>

# ANNUAL REPORT

1952

## Commercial Solvents Corporation



Pharmaceuticals



Potable Spirits



Automotive Products

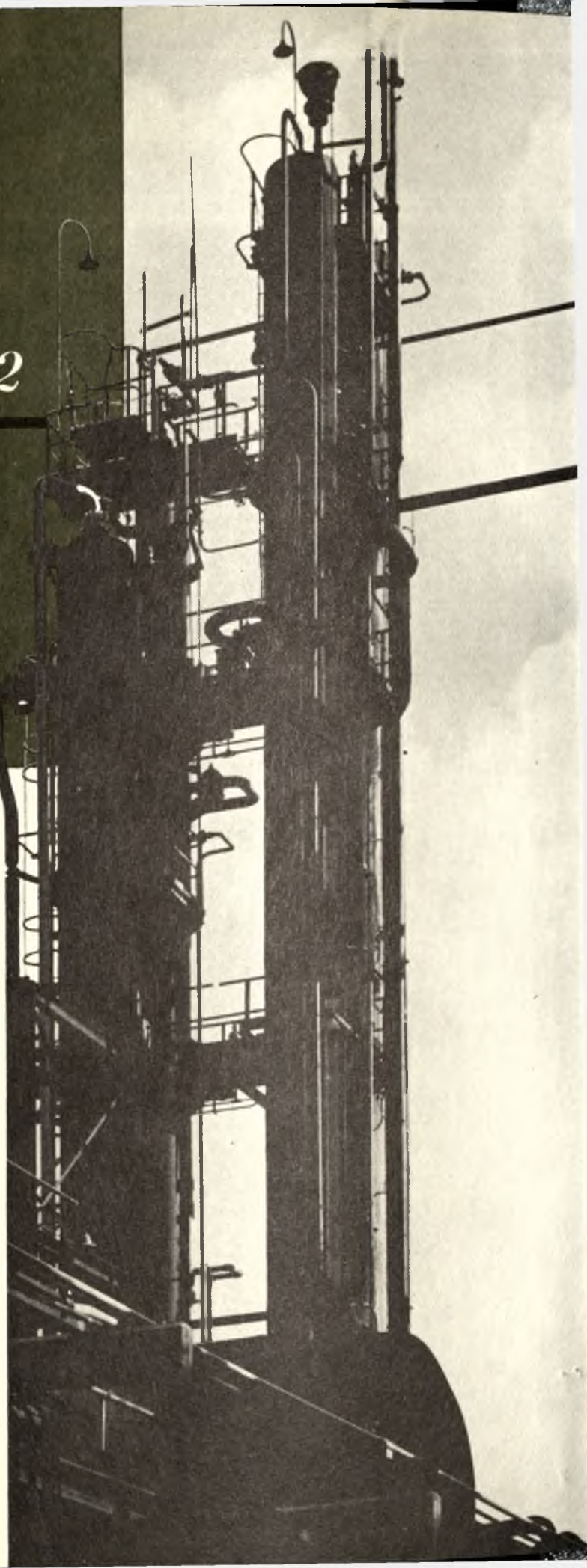
# 33rd *Annual Report* 1952

## *Commercial Solvents Corporation*

GENERAL OFFICES:  
260 MADISON AVENUE, NEW YORK 16, N. Y.

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# Management

## Directors



J. ALBERT WOODS  
President,  
Commercial Solvents  
Corporation



WILLIS H. BOOTH  
Member of Executive and  
Finance Committee,  
International Business  
Machines Corporation



CLEMENT R. FORD  
Farmer



W. E. S. GRISWOLD, SR.  
Director and Chairman of  
Executive Committee,  
W. & J. Sloane



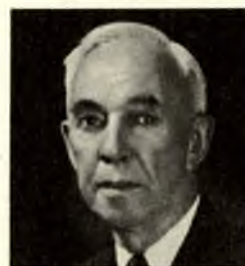
HAROLD H. HELM  
President,  
Chemical Bank &  
Trust Company



AUSTIN S. IGLEHEART  
President,  
General Foods  
Corporation



ARTHUR B. LAWRENCE  
Senior Partner,  
F. S. Smithers & Co.



LEROY A. LINCOLN  
Chairman of The Board,  
Metropolitan Life  
Insurance Company



CARL S. MINER  
Director,  
The Miner Laboratories



ERNEST W. REID  
President,  
Corn Products Refining  
Company



HENRY V. B. SMITH  
Partner,  
H. J. Baker & Bro.



MAYNARD C. WHEELER  
Vice President,  
Commercial Solvents  
Corporation

## Officers

J. ALBERT WOODS  
President

SYDNEY T. ELLIS  
Vice President,  
Assistant to the President

MAYNARD C. WHEELER  
Vice President,  
Production and Engineering

ABBOTT K. HAMILTON  
Vice President,  
Product Divisions

THOMAS S. CARSWELL  
Vice President,  
Research and Development

HOWARD L. SANDERS  
Vice President and Treasurer

ANTHONY H. BRAUN  
Controller

ALEXANDER R. BERGEN  
Secretary

Transfer Agent

Guaranty Trust Company  
of New York  
140 Broadway  
New York 15, N. Y.

Registrar

The Chase National Bank  
of the City of New York  
11 Broad Street  
New York 15, N. Y.

# Financial and Operating

For the Year Ended  
December 31

	1952	1951
Source of income:		
From sales . . . . .	\$50,279,428	\$61,172,149
From dividends, etc. . . . .	952,833	1,314,192
Total income . . . . .	<u>\$51,232,261</u>	<u>\$62,486,341</u>
Federal, State and other taxes . . . . .	\$ 1,320,161	\$ 5,874,834
Net earnings (exclusive of special income credit) . . . . .	\$ 1,368,392	\$ 5,842,444
Per share of common stock . . . . .	\$ .52	\$2.22
Special income credit—net (principally excess profits tax settlement) . . . . .	\$ 1,107,387	—
Per share of common stock . . . . .	\$ .42	—
Dividends paid . . . . .	\$ 2,636,878	\$ 3,296,098
Per share of common stock . . . . .	\$1.00	\$1.25
Land, buildings and equipment additions:		
Expenditures during the year . . . . .	\$11,572,284	\$ 4,634,893
Authorized but not expended at end of year . . . . .	\$12,300,000	\$22,700,000
Working capital at end of year . . . . .	\$28,969,483	\$23,742,566
Long-term debt . . . . .	\$25,000,000	\$10,000,000

# Employees

Number of employees at end of year . . . . .	2,334	2,555
Wages and salaries . . . . .	\$10,052,538	\$10,094,324
Cost of pension and other benefits . . . . .	\$ 648,422	\$ 727,510
Assets employed for each employee . . . . .	\$ 29,381	\$ 22,632

# Shareholders

Number of shareholders at end of year. . . . .	21,210	21,535
Number of shares outstanding . . . . .	2,636,878	2,636,878
Shareholders' equity (net assets) . . . . .	\$37,411,410	\$37,572,509
Per share of stock outstanding . . . . .	\$14.19	\$14.25

# The President's Letter

J. ALBERT WOODS



## To Our Shareholders:

Your company's long-term prospects were substantially improved during 1952. The expansion program designed to advance CSC's position in the more profitable areas of our business was pushed ahead and strengthened. These steps were taken in a year of falling prices and increased competition which cut into profits.

### Financial

Net earnings for the year 1952 were \$1,368,392 or \$.52 per share of common stock. This compares with \$5,842,444 or \$2.22 a share for 1951. Additionally in 1952 there were special items, the net amount of which was \$1,107,387 or \$.42 per share, consisting principally of a refund of a portion of excess profits taxes paid for the years 1940 through 1943. Combined net earnings and special items totaled \$2,475,779 or \$.94 per share.

Net sales were \$50,279,428. While unit volume in most major lines increased over the previous

year, total dollar sales were off from \$61,172,149 in 1951. Sales from new products developed in recent years continued to increase in proportion to the total.

Dividends totaling \$2,636,878 or \$1 per share were paid on common stock during 1952.

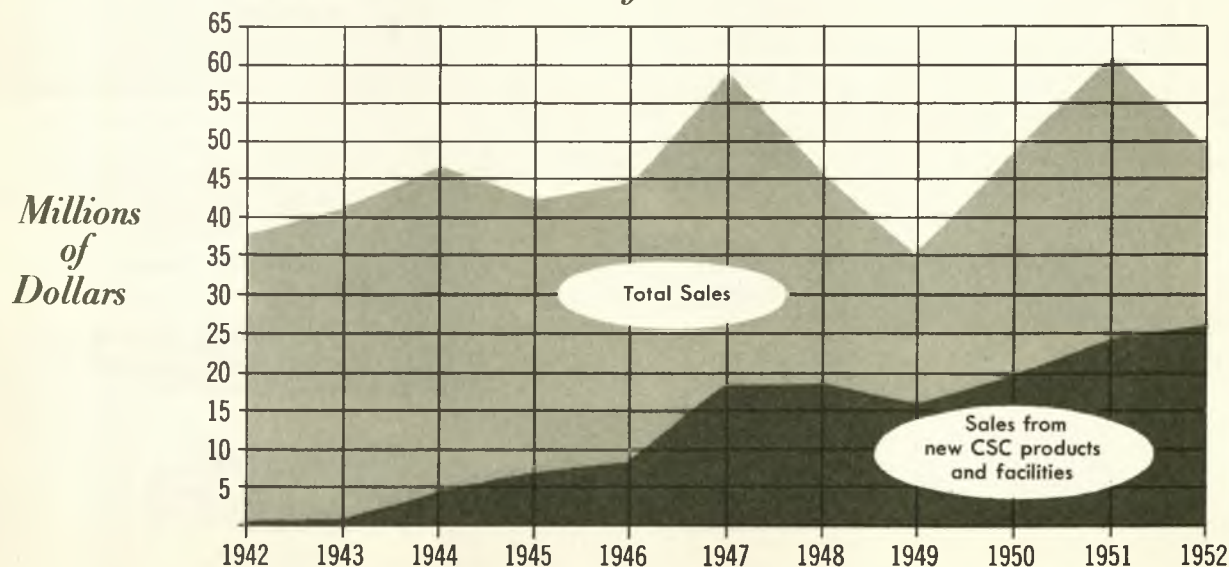
Thermatomic Carbon Company, of which Commercial Solvents owns 65.3%, reported satisfactory sales and earnings although somewhat less than the previous year. Dividends received from Thermatomic amounted to \$339,752.

### Expansion Program

On the total insurance loan of \$25,000,000 arranged in 1951 to finance our expansion program, the remaining \$15,000,000 was received during 1952. This loan bears an interest rate of 3¾% and is to be repaid at the rate of \$1,560,000 a year beginning in 1957.

Expenditures for new plant and equipment during the year amounted to \$11,572,284. An

## Total Sales and Sales from New Products and Facilities



## *The President's Letter (Continued)*

additional amount of \$12,300,000 will be spent in 1953 on approved projects now under construction.

Our new plant for EXPANDEX®, a dextran plasma volume expander, began production and reached capacity operation during the latter part of the year. Output was taken entirely by the Armed Forces.

Increased facilities that will give new capacity on ammonia, methanol and solid ammonium nitrate are under construction and scheduled for production by mid 1953.

Sound research must spearhead and underwrite any long-range development plans. Our research group continued an active program, making a real contribution toward the company's future position.

### *Operations*

Employee relations during the year continued at an excellent level in all departments.

In the field of agricultural chemicals, the sale of nitrogen in the form of anhydrous ammonia and nitrogen solutions continued in a seller's market with production at capacity. Low infestation of insects reduced the demand for insecticides.

Industrial chemicals were moved in increased volume, but, in general, dollar sales were lower than last year due to substantial price declines in a number of major items. Methanol was an exception with a record year.

Ethyl alcohol, reflecting lower prices of its raw material, molasses, dropped substantially during the year. We were able to maintain our position in the market without inventory losses.

Penicillin prices and profits dropped drastically in 1952. This was due to a number of factors, including nationwide overproduction, the loss to U. S. companies of some foreign markets, and conditions approaching a price war in the industry. Completion of improved plant facilities, allowing reduced cost and more efficient antibiotics production, is enabling us to compete more effectively in this market.

Our company has reaffirmed its position in the pharmaceuticals field as supplier of chemicals and pharmaceuticals to the drug industry.

Operations in the animal nutrition field reflected a competitive year, particularly in anti-

biotics and to a lesser extent in vitamin products.

In automotive products, the supply of anti-freeze caught up with demand, creating the most competitive market conditions since the pre-war period. With intensive concentration on merchandising and quality, we expect to maintain and improve our position in this field.

Following a period of expanded production and stockpiling by the beverage industry, our potable spirits business returned to normal levels during 1952. Business was also affected by increased Federal excise taxes.

In the face of tightening exchange regulations and more competitive conditions in the world markets, our export business was increased over last year. Licensing of our processes to several producers in other countries should further our interests in these foreign trade areas.

Inventories at year-end were \$13,360,904 as compared with \$15,480,550 at the beginning of the year. During 1952 it was necessary to make substantial inventory writedowns.

### *Directorate and Management*

We record sorrowfully the death of Mr. Brownlee O. Currey, member of the Board of Directors, on February 21, 1952.

Dr. Ernest W. Reid, President and Director of the Corn Products Refining Company, was elected to the Board of Directors on February 25, 1952.

Mr. Abbott K. Hamilton, Vice President, was appointed Vice President in charge of Product Divisions.

Mr. Sydney T. Ellis was appointed Vice President and Assistant to the President.

### *The Future*

Some results from our expansion and development program will be felt in 1953 with greater benefits apparent in 1954. Much is yet to be accomplished in firming and strengthening our competitive position. It is reasonable to expect that Commercial Solvents will steadily become more and more independent of fluctuating market conditions in any one field as our long-range plans take effect.

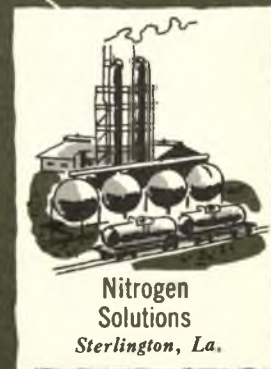
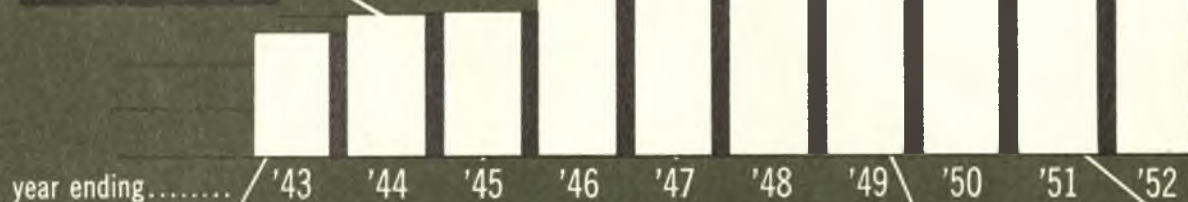
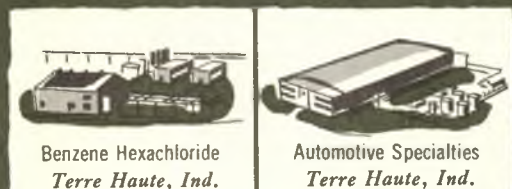
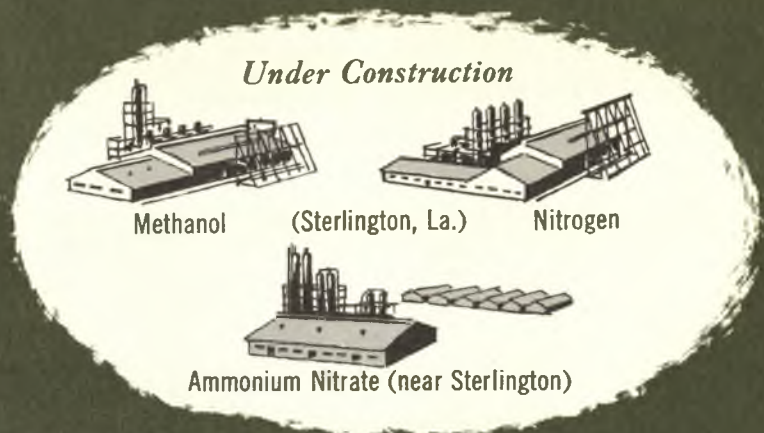
With the continued loyalty and support of our shareholders and employees, I am confident that we will attain our objectives.



PRESIDENT

February 16, 1953

# Investment in Plants and Facilities



## General Review for 1952

# **CSC** Agricultural Chemicals

### *Nitrogen*

#### *PRODUCTS*

Anhydrous Ammonia  
Nitrogen Solutions  
Ammonium Nitrate

#### *PLANTS AT*

Sterlington, La.  
Sterlington, La.  
Near Sterlington, La.

### *Pesticides*

Benzene Hexachloride  
Dilan  
Ethyl Formate  
Metaldehyde

Terre Haute, Ind.  
Peoria, Ill.  
Agnew, Calif.  
Agnew, Calif.

*Nitric Acid  
and Solutions*

*Ammonia  
Plant*

*Nitrogen  
Expansion*

Air photo taken of Sterlington plant on January 18, 1953

NITROGEN, in solid or liquid form, is a basic plant food and is essential in increasing the productivity of land.

PESTICIDES must be used to control insects or there will not be sufficient high quality food, feed, or fiber at reasonable prices.



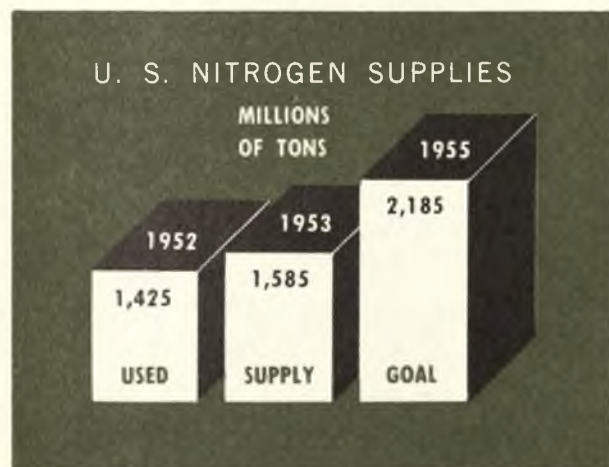
THE AMERICAN FARMER has tripled his use of nitrogen, a basic plant food, during the past ten years. Faced with the necessity of making five acres do the work of six in order to feed our growing population, the farmer will continue to increase his use of nitrogen products. Nitrogen, alone of the basic plant foods, continues in short supply.

Construction is under way to double the present capacity of our Sterlington ammonia plant; a part of this increased output will go into solid form as ammonium nitrate and part will be sold as nitrogen solutions.

During 1952, Commercial Solvents announced plans for producing solid ammonium nitrate in

crystalline form. This new product will be made by an exclusive process developed in CSC's research laboratories. Plant construction was begun on a two-thousand-acre site at Sterlington, Louisiana, and operations are expected to begin about the middle of 1953. Crystalline ammonium nitrate, supplied in bags for easy handling and application to the soil, is an important and economical source of nitrogen for crops and pasture. It will be sold under the brand name CSC Ammonium Nitrate Fertilizer through leading fertilizer manufacturers.

By the end of 1953, Commercial Solvents will be an important supplier to the fertilizer industry of nitrogen in three key forms—anhydrous ammonia, nitrogen solutions and solid ammonium nitrate.

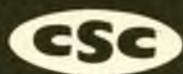


## Pesticides

Unusually hot, dry weather during the peak cotton growing season kept infestation of the boll weevil at a minimum, reducing demand for CSC's insecticide, benzene hexachloride. Heavy inventory carry-overs by basic manufacturers and distributors may also affect this market in 1953.

Commercial use of CSC's DILAN®, for control of the Mexican bean beetle and houseflies resistant to most common insecticides, was increased.

The use of metaldehyde against snails and slugs, and ethyl formate for control of insects, compared favorably with previous years.



# Industrial Chemicals

## • PLANTS

PRODUCTS	Terre Haute	Peoria	Sterlington	Harvey	Agnew	Carlstadt	Newark
Methanol & Derivatives	•	•	•		•		
Butanol & Derivatives	•	•					
Ethyl Alcohol & Derivatives	•	•		•	•		•
Amyl Alcohol & Derivatives						•	
Nitrocellulose Solutions						•	
Dry Ice		•					
Nitroparaffins & Derivatives	•	•					
Riboflavin Crystals	•						



**PRODUCTION OF METHANOL**, an important CSC synthetic industrial chemical made from natural gas, continued at capacity.

Expansion is under way to double present methanol output at our Sterlington, Louisiana, plant. It is scheduled for completion during the last half of 1953.

Preparations for selling this increased volume place emphasis on wide diversification. Consumers now include manufacturers of formaldehyde, anti-freeze, pharmaceuticals, dyestuffs, paint removers, resins, waxes and rubber.

Methanol is also an important raw material in the chemical industry itself. At our Agnew, California, plant it serves as a base for production of formaldehyde and pentaerythritol to meet the

needs of the expanding plywood and plastics industries on the West Coast. During 1952, Agnew production facilities were enlarged.

The ethyl alcohol market went through a normal period of readjustment to reflect lower prices of its raw material, molasses. During the year, we maintained our market position with our customers and were able to buy raw material without inventory loss. As the year ended, a stabilized market on molasses and alcohol would indicate a healthier forecast for 1953.

Our limited plant capacity on nitroparaffins and derivatives was operated at a high level throughout the year. Facilities were completed to expand production of derivatives finding use in the processing of synthetic textiles. Research developments were reflected in quality improvements in a number of these products.



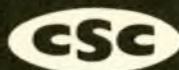
Methanol plant expansion now under construction at Sterlington, La.

this BIG pig  
got BACIGRO  
and went to  
market 13 lbs.  
heavier

this little  
pig had  
NONE



- The pig on the left had one tiny bacitracin pellet called BACIGRO, implanted under the skin behind an ear when it was only two days old. It produced 13 pounds extra live weight at market time; cost is only 15¢ per pig for this latest technique for antibiotic growth stimulation. In addition to weight increase, field tests indicate pig mortality and scours are lowered.



# Animal Nutrition Products

## • PLANTS

### PRODUCTS

	Terre Haute	Peoria	Harvey	Agnew
Vitamin Feed Supplements	•	•		
Antibiotic Feed Supplements	•	•		
Distillers Feed By-products	•	•		•
Molasses (Terminals)			•	•
Molatein			•	
Bacigro	•			



- During 1952, the Hillhaven Farm became an operating unit of the Research Department in addition to the Lockport Nutrition Farm. Over 2,000 pigs per year can be reared; experiments in feeding various antibiotic and vitamin combinations are made under farm conditions to prove the value of feed supplements. Chickens and other animals are also used for experimental feeding tests.



ANIMAL NUTRITION products made by CSC fall mainly into two groups—antibiotics and vitamins for mixed feeds. Throughout 1952, the antibiotics industry suffered

severe price reductions and to a lesser degree this was true of the vitamins industry. In order to maintain our sales position in an increasingly competitive market, prices were necessarily reduced, which affected profit margins.

Two new products of CSC research, BACIGRO and MOLATEIN, were announced. BACIGRO, an antibiotic pellet implanted in baby pigs to stimulate growth and reduce mortality, was announced during the last half of 1952. MOLATEIN, an ammoniated molasses product introduced in December, is a new low-cost source of protein for cattle, sheep and goats. It is a development of research conducted under the Company's grant-in-aid program at leading agricultural colleges and is made under a patent held by CSC. Sales prospects for MOLATEIN are good as there is generally a shortage of low-cost protein.

Riboflavin continued as an important nutrition product, but year-end general price reductions have placed this business on a more competitive basis.

During the year we continued to improve our entire line of products and a number of antibiotic and vitamin combinations were introduced. The most important was PENBAC®, a combination of penicillin and bacitracin, for use in swine and poultry feeds to stimulate growth and give better feed efficiency.



- Steers Fed Molatein—CSC Ammoniated Molasses Product. The protein equivalent supplied by nitrogen from the ammonia replaces protein in the steer's ration from natural sources such as soybean meal. Dairy cattle and other ruminants, such as goats and sheep, also add to the large potential market for Molatein.



# Pharmaceuticals

## PRODUCTS

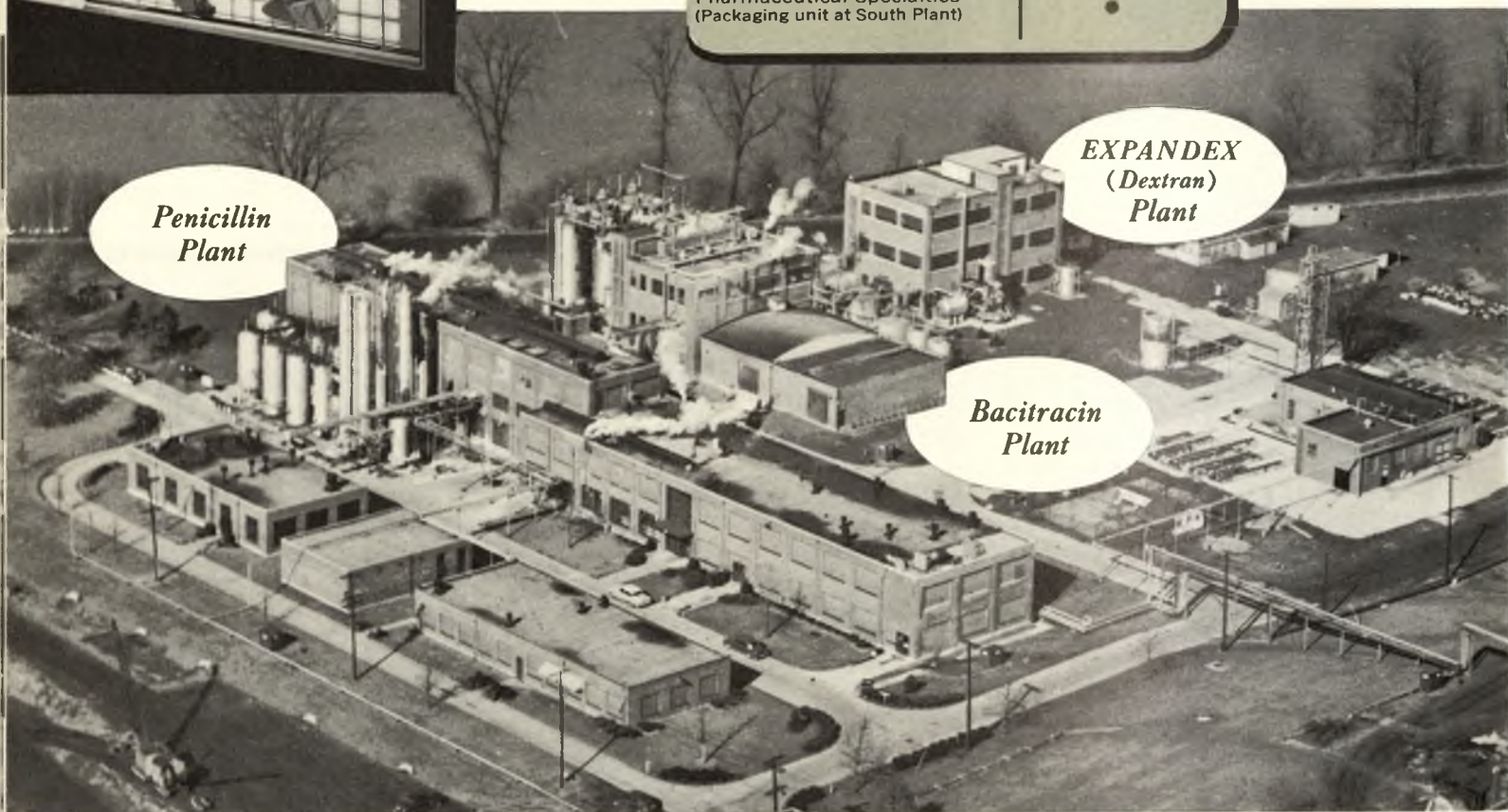
	● PLANTS Terre Haute
Bacitracin	●
Penicillin	●
Dextran (EXPANDEX)	●
Pharmaceutical Specialties (Packaging unit at South Plant)	●



*Penicillin  
Plant*

*EXPANDEX  
(Dextran)  
Plant*

*Bacitracin  
Plant*



SUPPLYING solvents and chemicals to the drug industry has long been an important phase of Commercial Solvents' operations. Since 1944, when penicillin was first produced commercially, CSC has been a large producer of antibiotics, both private label and bulk, for the pharmaceutical industry. Products have also been marketed under the CSC Pharmaceuticals label in domestic and foreign fields.

During 1952, the entire antibiotics industry was seriously affected by greatly expanded plant facilities, which resulted in over-production, high inventories and, in some instances, liquidation of stocks below cost. This was particularly

true of penicillin. Modern plant facilities, supported by broad experience, are enabling CSC to compete effectively in this market.

Bacitracin sales compared favorably with the previous year. Bacitracin troches and ointment are now sold over the counter without prescription, which should broaden the use of this valuable antibiotic for topical use.

Our EXPANDEX® plant for the production of dextran, a plasma volume expander, began operation ahead of schedule and was soon producing above rated capacity. Entire production of EXPANDEX during 1952 was for the military. In April of 1953 sufficient material will be available for marketing to civilian hospitals.



## In Surgery

EXPANDEX is used before or after operative procedures in the prevention and treatment of shock.

# Expandex<sup>®</sup>

(CSC brand of Dextran)

*a plasma volume expander*

For prevention and treatment of **SHOCK** due to:

Severe Injuries • Hemorrhage  
Burns • Surgical Procedures

### Advantages

- Clinically effective and safe
- Virtually nonantigenic and nonallergenic
- Does not transmit virus of hepatitis
- 100% excretion (via kidneys and metabolism)
- Does not interfere with organ function
- Does not interfere with blood typing procedures or crossmatching
- Fluid—ready for immediate use—no refrigeration required
- Stable indefinitely

## In Conflagrations,

catastrophes and accidents EXPANDEX can be used immediately in treatment of shock as it is fluid and does not require blood typing or crossmatching.



# Potable Spirits

## • PLANTS

PRODUCTS	Terre Haute	Peoria	Harvey	Agnew
Neutral Spirits	●	●	●	●
Whiskies	●			
Rack Houses (Storage)	●			



FOLLOWING two years of expanded production and stockpiling by the beverage industry, our custom order potable spirits business returned to normal sales levels during 1952. We continued to maintain our position as a supplier of custom products for gin, cordials, and the blending of fine whiskies.

The high inventory with which the entire industry entered the year intensified competition and led to price reductions and a corresponding reduction in profits. Business was also affected by the sharply increased Federal excise tax which went into effect on November 1, 1951. Taxes are now more than one-half the price which the consumer pays for most alcoholic beverages.

1952 was a year of liquidation of high inventories for many of our customers. With stocks now at normal operating levels, 1953 should be a more active year.



CSC rackhouses at Terre Haute have a capacity for storing over 300,000 barrels of whiskey.

Left. The one-millionth barrel of whiskey placed in storage in 1948 was removed from storage during 1952.



# Automotive Products

PACKAGING PLANTS ARE LOCATED AT TERRE HAUTE, IND. AND STERLINGTON, LA.



OF THE 53 MILLION VEHICLES registered in 1952, well over eighty per cent were protected with anti-freeze. While car owners favored the permanent PEAK® type which requires no checking during the winter, a large-volume market continues for the more economical methanol type such as NOR'WAY®.

Last year's supply caught up with demand, creating the most competitive market conditions since pre-war years. Through more intensive advertising and promotion methods and by means of a larger sales force, the number of NOR'WAY and PEAK distributors was more than doubled in selected, high-potential marketing areas.

Through efforts of our Research Division, which is continually at work to improve the quality of CSC automotive products, an even

better PEAK anti-freeze will be announced to the trade in 1953.

An important and growing phase of our business is the formulation and supply of anti-freeze for large companies marketing automotive products under their own brand names.

Year-around sales effort behind NOR'WAY radiator products added new business and kept our organization in steady contact with the trade, thus benefiting anti-freeze sales. These products include NOR'WAY DRY-EX, the gasoline line anti-freeze, NOR'WAY QUICK-FLUSH, STOP-LEAK and ANTI-RUST, as well as other specialties.

Our own brand name sales, plus private label anti-freeze business, give CSC a well-rounded line and strong position to meet the competitive conditions of the coming year.



Magazine and newspaper advertising



Outdoor advertising



Window streamers and can toppers





Norway baseball team  
at Terre Haute



A dinner party  
at Terre Haute

## Employees



Magician at Peoria  
plant picnic



Christmas party at  
Sterlington plant

### Length of Service—2,334 Employees



1-5 Years

807



5-10 Years

602



10-15 Years

298



15-20 Years

296



20 or more

331

YOUR COMPANY is proud of the excellent safety, production and low absenteeism records turned in by its employees during 1952.

We look upon CSC's harmonious relationship with its employees as a two-way avenue of communications and responsibility. The Company's contributions to this relationship are designed to assure the well-being of our employees and their families.

CSC employee benefits include hospitalization and surgical care, retirement and pension plans, group life insurance and an employee-operated credit union.

Our safety program at all plants continued to keep accidents at a minimum and production at high and efficient levels. Inter-plant

safety competitions and periodic safety instruction to all production employees are important phases of the CSC safety program.

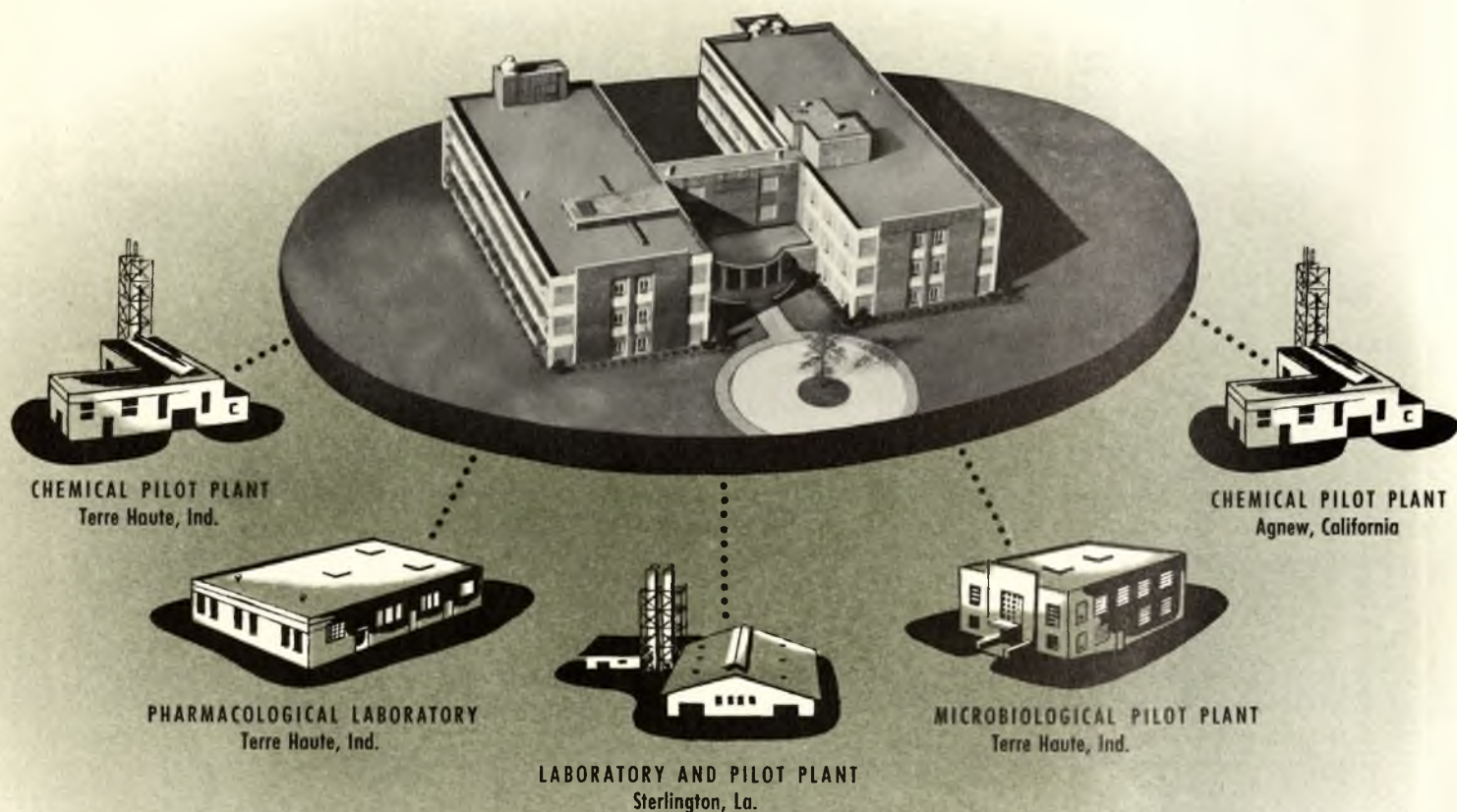
A broad range of recreational and social activities were well attended by our employees at all plants. Highlights of this program are the annual Christmas parties designed particularly for our employees' children, the summer outings where CSC wives and children play leading roles, and the 20-year banquets at which we honor our senior employees.

A large number of CSC employees have been with the Company for twenty years or more. We are particularly proud of the many sons who have followed their fathers into our organization. They have helped to create a real family of employees at CSC.



# RESEARCH

MAIN BUILDING • RESEARCH CENTER, TERRE HAUTE, IND.



A broad research program has led  
Commercial Solvents into two major fields  
within the chemical industry

## Biochemical

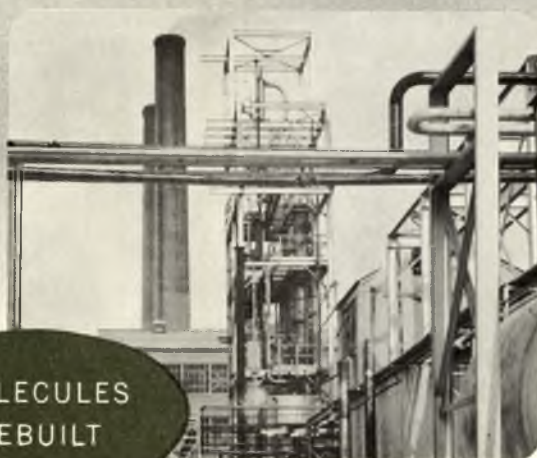
Results of research with cultures of bacteria, yeasts, or molds—growing under carefully controlled conditions, have developed processes for converting corn, molasses, or other agricultural products into such CSC materials as alcohols, vitamins, antibiotics, and dextran.



BACTERIA  
AT WORK

## Petrochemical

From raw materials of natural gas and petroleum products, research has developed synthetic chemical processes which have given CSC a position in such major chemicals as ammonia, methanol, formaldehyde, nitro-paraffins, and their many derivatives.



MOLECULES  
REBUILT



COMMERCIAL SOLVENTS has a firm belief in the potential of research. It is the foundation upon which the stability and growth of our business depends. Progressive

and dynamic research at CSC will continue in recognition of its role in pioneering and underwriting any successful long-term development program.

CSC began in 1920 with the biological production of three chemicals for use in two industries. Today, several hundred CSC products from its biological and chemical processes serve most major industries. An increasing proportion of total sales and profits are being derived from products developed by our research organization in recent years.

The diversified interests of the Corporation have led to varied types of research investigations. The areas of continuing emphasis to support our Company's future effort are research in the biochemical and petrochemical fields.

Our Central Research Organization, with modern facilities at the Terre Haute research center, supplemented by pilot plant and laboratory installations at major plants, is responsible for carrying out these research aims.

In addition to long-range development, our research efforts are also directed toward the support of short-term needs in improving present operations. A close relation is maintained with our engineering, production and sales divisions.

Benefits are derived from fundamental research projects through grants-in-aid at experimental stations and selected universities, and the scope of our own organization is broadened by work with a group of specialized consultants.



Determination of antibiotic solutions in assay laboratory



Battery of fermenters in microbiological pilot plant



Laboratory set-up for petrochemicals, Sterlington plant



Pilot plant for production of ammonium nitrate

# Commercial Solvents

## CONSOLIDATED FINANCIAL POSITION AT DECEMBER 31, 1952

### Current Assets:

Cash.....	\$10,131,510
U. S. Government securities, at cost, which approximates market.....	150,000
Accounts receivable (less reserve of \$313,759 for doubtful accounts).....	10,525,256
Inventories of raw materials, goods in process and finished products, at the lower of cost or market..	13,360,904
Total Current Assets.....	\$34,167,670

### Deduct Current Liabilities:

Accounts payable.....	\$ 2,440,141
Accrued Federal taxes on income.....	1,482,522
Other accrued liabilities.....	1,275,524
Total Current Liabilities.....	5,198,187

**Net Current Assets**..... \$28,969,483

**Non-Current Account Receivable, Due 1954 through 1956**..... 600,000

### Investment in Thermatomic Carbon Company

(controlled company not consolidated), at cost, less reserve..... 166,972

### Property:

Land, buildings and equipment, at cost.....	\$49,889,857
Less reserves for depreciation, amortization and obsolescence.....	19,519,551
	30,370,306

**Goodwill and Patents**..... 1

**Deferred Charges** (Insurance, taxes, supplies inventory, etc.)..... 3,270,648

**Total Assets Less Current Liabilities**..... \$63,377,410

### Deduct Long-Term Debt and Deferred Items:

3¼% Notes payable.....	\$25,000,000
Deferred income.....	900,000
Deferred Federal taxes on income.....	66,000
	25,966,000

**Net Assets**..... \$37,411,410

### Source of Net Assets:

Common stock—no par value: Authorized—3,000,000 shares	
Issued —2,636,878 shares.....	\$ 6,593,452
Capital surplus (no change during year).....	4,325,514
Earnings employed in the business at end of year.....	26,492,444
Net Assets.....	<u>\$37,411,410</u>

## NOTES TO FINANCIAL STATEMENTS

The Corporation's 65.3% equity in the net assets of Thermatomic Carbon Company exceeds the net value at which the investment is carried by \$907,908. The excess of the Corporation's equity in 1952 earnings of said company over dividends received during the year amounted to \$22,562.

Notes under the loan agreements entered into with insurance companies are payable in approximately equal installments during the period 1957 through 1972. The loan agreements provide, among other things, that the Corporation may not declare any dividend, other than stock dividends, in excess of consolidated retained earnings subsequent to December 31, 1950, plus \$2,500,000. The agreements also require that the declaration of such dividends will not reduce the consolidated net current assets to an amount less than \$15,000,000. At December 31, 1952 \$4,824,517 of the consolidated retained earnings was free of such restrictions.

On November 16, 1950 the Corporation granted to certain key executive employees options to purchase shares of its authorized but unissued common stock at a price of \$21 per share.

# Corporation

## CONSOLIDATED EARNINGS AND SUMMARY OF EARNINGS EMPLOYED IN THE BUSINESS FOR THE YEAR ENDED DECEMBER 31, 1952

Sales—net.....	\$50,279,428
Other operating net income.....	174,773
	<u>\$50,454,201</u>
Cost of sales and expenses.....	48,147,180
Earnings from operations (after depreciation and amortization provision of \$2,173,589).....	\$ 2,307,021
Dividends and other income received from Theratomic Carbon Company.....	\$399,752
Miscellaneous income—net.....	230,875
	<u>630,627</u>
	<u>\$ 2,937,648</u>
Interest on borrowings.....	622,656
Earnings before Federal taxes on income.....	\$ 2,314,992
Provision for Federal taxes on income.....	946,600
<b>Net earnings for year (\$.52 per share).....</b>	<b>\$ 1,368,392</b>
Special items:	
Settlement of 1940-1943 excess profits tax claims.....	1,385,777
Adjustment for replacement of molasses inventory involuntarily liquidated in prior years, less tax refund.....	278,390
<b>Net earnings and special items.....</b>	<b>\$ 2,475,779</b>
<b>Earnings of prior years employed in the business.....</b>	<b>26,653,543</b>
	<u>\$29,129,322</u>
Dividends of \$1.00 per share paid during year.....	2,636,878
<b>Earnings employed in the business at end of year.....</b>	<b>\$26,492,444</b>

The options are exercisable at any time on or before December 31, 1957. At December 31, 1952 none of the options had been exercised and options to purchase an aggregate of 45,750 shares were outstanding.

Certain of the Corporation's sales in 1952 are subject to price redetermination and renegotiation by the U. S. Government. Although the amount which might be payable is not presently determinable, provision therefor in an amount which the Corporation considers adequate has been made in the accounts.

The Corporation had plant expansion projects in process at December 31, 1952 on which \$8,900,000 had been expended to that date and which it is estimated will cost \$12,300,000 to complete. Government certification has been received with respect to the principal project in process allowing a portion of the cost to be amortized over a five-year period for income tax purposes in place of depreciation at normal rates.

ARTHUR YOUNG & COMPANY  
ACCOUNTANTS AND AUDITORS  
165 BROADWAY  
NEW YORK 6, N. Y.

To the Board of Directors of  
Commercial Solvents  
Corporation:

We have examined the statement of consolidated financial position of Commercial Solvents Corporation and Subsidiary at December 31, 1952 and the related statement of consolidated earnings and summary of earnings employed in the business for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying statements of consolidated financial position and of consolidated earnings and summary of earnings employed in the business present fairly the financial position of Commercial Solvents Corporation and Subsidiary at December 31, 1952 and the results of their operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

ARTHUR YOUNG & COMPANY

New York, N. Y.  
February 6, 1953

# Ten Year Financial Summary

## CONSOLIDATED FINANCIAL POSITION AT DECEMBER 31 EACH YEAR

(All amounts expressed in thousands)

	1952	1951	1950	1949	1948	1947	1946	1945	1944	1943
Cash . . . . .	\$10,132	\$10,036	\$ 3,895	\$ 4,524	\$ 4,213	\$ 7,346	\$ 4,532	\$ 6,831	\$ 7,423	\$ 8,787
U.S. Government securities . . . . .	150	150	150	150	1,167	1,169	1,682	4,650	3,650	6,662
Accounts receivable less reserve . . . . .	10,525	7,127	8,025	3,662	4,229	5,488	6,485	5,212	4,561	2,788
Inventories . . . . .	13,361	15,481	10,189	8,738	7,442	6,466	6,239	4,474	4,013	3,546
Current assets . . . . .	\$34,168	\$32,794	\$22,259	\$17,074	\$17,051	\$20,469	\$18,938	\$21,167	\$19,647	\$21,783
Deduct current liabilities . . . . .	5,198	9,051	6,804	3,577	3,892	5,265	4,229	2,266	4,156	6,009
Net current assets . . . . .	\$28,970	\$23,743	\$15,455	\$13,497	\$13,159	\$15,204	\$14,709	\$18,901	\$15,491	\$15,774
Post-war refund of excess profits tax . . . . .	—	—	—	—	—	—	—	—	1,946	1,350
Non-current account receivable . . . . .	600	900	1,200	1,500	1,800	—	—	—	—	—
Investments and other assets . . . . .	167	167	167	449	1,237	1,237	1,172	1,171	1,174	1,174
Land, buildings and equipment . . . . .	49,890	38,644	34,102	32,624	31,531	26,709	22,378	15,350	15,054	14,134
Less reserves for depreciation, amortization and obsolescence . . . . .	19,520	17,661	16,130	14,789	13,898	12,861	12,233	11,901	9,927	9,360
	\$30,370	\$20,983	\$17,972	\$17,835	\$17,633	\$13,848	\$10,145	\$ 3,449	\$ 5,127	\$ 4,774
Deferred charges . . . . .	\$ 3,270	\$ 2,980	\$ 1,917	\$ 1,829	\$ 2,161	\$ 2,000	\$ 1,318	\$ 882	\$ 744	\$ 589
Total assets less current liabilities . . . . .	\$63,377	\$48,773	\$36,711	\$35,110	\$35,990	\$32,289	\$27,344	\$24,403	\$24,482	\$23,661
Deduct:										
Long-term debt . . . . .	\$25,000	\$10,000	—	—	—	—	—	—	—	—
Deferred income . . . . .	900	1,200	1,500	1,800	2,100	—	—	—	—	—
Deferred Federal taxes on income . . . . .	66	—	—	—	—	—	—	—	—	—
Reserves for contingencies and miscellaneous . . . . .	—	—	674	655	644	631	643	785	667	389
Net assets . . . . .	\$37,411	\$37,573	\$34,537	\$32,655	\$33,246	\$31,658	\$26,701	\$23,618	\$23,815	\$23,272
Source of net assets:										
Common stock . . . . .	\$ 6,593	\$ 6,593	\$ 6,593	\$ 6,593	\$ 6,593	\$ 6,593	\$ 6,593	\$ 6,593	\$ 6,593	\$ 6,593
Capital surplus . . . . .	4,326	4,326	4,326	4,326	4,326	4,326	4,326	4,326	4,326	4,326
Earnings employed in the business at end of year . . . . .	26,492	26,654	23,618	21,736	22,327	20,739	15,782	12,699	12,896	12,353
Net assets . . . . .	\$37,411	\$37,573	\$34,537	\$32,655	\$33,246	\$31,658	\$26,701	\$23,618	\$23,815	\$23,272

# Commercial Solvents Corporation

## CONSOLIDATED EARNINGS AND SUMMARY OF EARNINGS EMPLOYED IN THE BUSINESS FOR THE CALENDAR YEARS

(All amounts expressed in thousands)

	1952	1951	1950	1949	1948	1947	1946	1945	1944	1943
Sales—net . . . . .	\$50,279	\$61,172	\$49,095	\$36,364	\$45,062	\$58,876	\$44,903	\$42,796	\$46,664	\$41,557
Other operating net income . . . . .	175	213	181	123	31	65	17	81	240	345
	\$50,454	\$61,385	\$49,276	\$36,487	\$45,093	\$58,941	\$44,886	\$42,877	\$46,904	\$41,902
Cost of sales and expenses . . . . .	48,147	50,796	42,089	32,761	37,844	45,517	36,465	36,246	38,636	32,452
Earnings from operations . . . . .	\$ 2,307	\$10,589	\$ 7,187	\$ 3,726	\$ 7,249	\$13,424	\$ 8,421	\$ 6,631	\$ 8,268	\$ 9,450
Dividends and other income—net . . . . .	8	719	1,299	1,198	1,293	879	611	283	363	537
Earnings before Federal taxes on income, etc. . . . .	\$ 2,315	\$11,308	\$ 8,486	\$ 4,924	\$ 8,542	\$14,303	\$ 9,032	\$ 6,914	\$ 8,631	\$ 9,987
Provision for Federal taxes on income . . . . .	947	5,465	3,308	1,560	2,999	5,235	3,312	4,781	5,860	6,888
Provision for contingencies . . . . .	—	—	—	—	—	—	—	100	250	200
Net earnings for year . . . . .	\$ 1,368	\$ 5,843	\$ 5,178	\$ 3,364	\$ 5,543	\$ 9,068	\$ 5,720	\$ 2,033	\$ 2,521	\$ 2,899
Special items:										
Excess profits tax settlement . . . . .	1,385	—	—	—	—	—	—	—	—	—
Reversal of reserve for contingencies . . . . .	—	489	—	—	—	—	—	—	—	—
Other—net . . . . .	278	—	—	—	—	156	—	253	—	—
Net earnings and special items . . . . .	\$ 2,475	\$ 6,332	\$ 5,178	\$ 3,364	\$ 5,543	\$ 8,912	\$ 5,720	\$ 1,780	\$ 2,521	\$ 2,899
Earnings of prior years employed in the business . . . . .	26,654	23,618	21,736	22,327	20,739	15,782	12,699	12,896	12,353	11,036
	\$29,129	\$29,950	\$26,914	\$25,691	\$26,282	\$24,694	\$18,419	\$14,676	\$14,874	\$13,935
Dividends paid . . . . .	2,637	3,296	3,296	3,955	3,955	3,955	2,637	1,977	1,978	1,582
Earnings employed in the business at end of year . . . . .	\$26,492	\$26,654	\$23,618	\$21,736	\$22,327	\$20,739	\$15,782	\$12,699	\$12,896	\$12,353

Net earnings figures are those shown in the Corporation's Annual Reports. Freight and container costs previously deducted from sales in years prior to 1951 have been reclassified and included in cost of sales.

Net earnings per share . . . . .	\$ .52	\$2.22	\$1.96	\$1.28	\$2.10	\$3.44	\$2.17	\$ .77	\$ .96	\$1.10
Dividends paid per share . . . . .	\$1.00	\$1.25	\$1.25	\$1.50	\$1.50	\$1.50	\$1.00	\$ .75	\$ .75	\$ .60



General Offices  
Commercial Solvents Corporation  
9th and 10th Floors  
260 Madison Avenue  
New York 16, N.Y.

# Shareholders

COMMERCIAL SOLVENTS CORPORATION has only one class of stock, designated as common stock without par value. The number of shares authorized is 3,000,000, of which 2,636,878 are outstanding and are listed on the New York Stock Exchange.

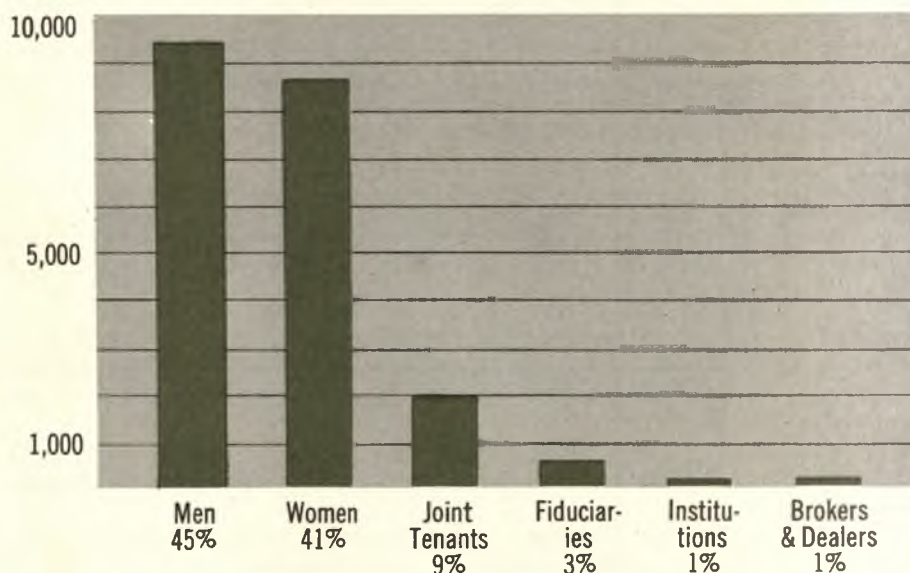
On December 31, 1952, these shares were owned by 21,210 registered shareholders, most of whom resided in the United States and its possessions and the remainder in 24 foreign countries.

All shareholders are urged to notify the Corporation promptly regarding any changes in their addresses so that the records may be kept up to date at all times.

The annual meeting of shareholders will be held on April 2, 1953. You will shortly receive a notice of the meeting, proxy statement and form of proxy. If you do not expect to attend the meeting in person, please sign, date, and return your proxy promptly.

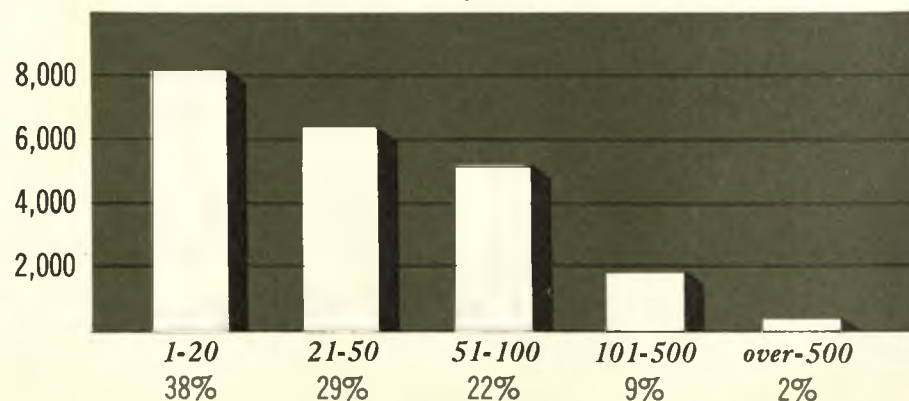
## Distribution by Classification

Number  
of Shareholders



## Distribution by size of holdings

Number  
of Shareholders

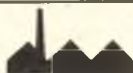


AGNEW

STERLINGTON

HARVEY

## Legend



.....PLANT



.....BRANCH OFFICE



.....WAREHOUSE

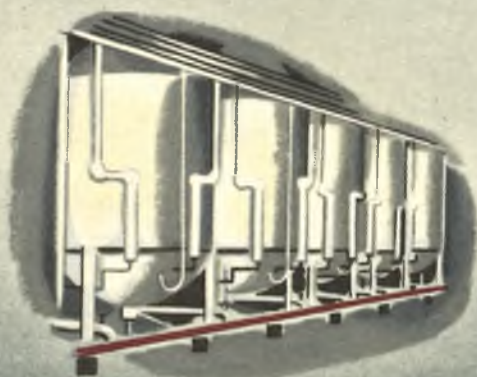


.....AGENT

# *Commercial Solvents Corporation*







BIOCHEMICALS



PETROCHEMICALS



34<sup>th</sup>

# Annual Report

1953

## Commercial Solvents Corporation



PETROCHEMICALS



BIOCHEMICALS



34<sup>th</sup>

# Annual Report 1953

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## Commercial Solvents Corporation

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## RESULTS AT A GLANCE

FOR THE YEAR ENDED  
DECEMBER 31

1953

1952

### Financial and Operating

Net Sales . . . . .	\$51,310,204	\$50,279,428
Federal, State and other taxes . . . . .	\$ 2,730,862	\$ 1,320,161
Net earnings (exclusive of special income credit) . . . . .	\$ 2,656,394	\$ 1,368,392
Per share of common stock . . . . .	\$1.01	\$.52
Special income credit—net (principally excess profits tax settlement) . . . . .	—	\$ 1,107,387
Per share of common stock . . . . .	—	\$.42
Dividends paid . . . . .	\$ 2,636,878	\$ 2,636,878
Per share of common stock . . . . .	\$1.00	\$1.00
Land, buildings and equipment additions		
Expenditures during the year . . . . .	\$11,028,186	\$11,572,284
Authorized but not expended at end of year . . . . .	\$ 330,000	\$12,300,000
Working capital at end of year . . . . .	\$21,042,510	\$28,969,483
Long-term debt . . . . .	\$25,000,000	\$25,000,000

### Employees

Number of employees at end of year . . . . .	2,347	2,334
Wages and salaries . . . . .	\$10,012,780	\$10,052,538
Cost of pension and other benefits . . . . .	\$ 781,418	\$ 648,422
Assets employed for each employee . . . . .	\$ 29,777	\$ 29,381

### Shareholders

Number of shareholders at end of year . . . . .	20,171	21,210
Number of shares outstanding . . . . .	2,636,878	2,636,878
Shareholders' equity . . . . .	\$37,430,926	\$37,411,410
Per share of stock outstanding . . . . .	\$14.20	\$14.19

# The President's Letter



J. Albert Woods

## To Our Shareholders

In 1953, your Company experienced initial benefits from the expansion and development program designed to improve and strengthen our position in the more profitable areas of our business. Total sales increased and progress was made in lowering operating costs, both of which reflected in increased net profits and general improvement over the previous year.

## Financial

Net earnings for the year 1953 were \$2,656,394, or \$1.01 a share of common stock. This compares with \$1,368,392, or \$.52 a share for 1952.

Net sales were \$51,310,204, as compared with \$50,279,428 in 1952. The proportion of sales from new products developed in recent years continued to increase.

Dividends totaling \$2,636,878, or \$1.00 a share, were paid on common stock during 1953.

Thermatomic Carbon Company, of which Commercial Solvents owns 65.3%, reported satisfactory sales and earnings. Dividends received from Thermatomic amounted to \$339,752.

## Operations

By the end of 1953, production capacity had been expanded and the level of output increased in several major areas. Marketing and distribution operations were strengthened to handle the expansion in these fields.

### PETROCHEMICALS

In the agricultural chemicals field, your Company is now supplying nitrogen in its three lowest cost forms: anhydrous ammonia, liquid nitrogen solutions, and solid ammonium nitrate. During the year we continued to have a sellers' market for most of these agricultural chemicals. Additional production from our expanded facilities during the last quarter of the year

contributed to improved sales and profits for that period. Our position in the pesticides market was maintained through the sale of specialized products and insecticides for the control of crop pests.

Sales of industrial chemicals improved over the previous year. Doubling of production capacity for methanol has enabled your Company to expand marketing of this basic industrial chemical in the Midwest and Eastern Seaboard. Production of formaldehyde and pentaerythritol, derivatives of methanol, have been expanded from pilot plant to production levels. Our position in the ethyl alcohol market has been stabilized by negotiation of a long-term contract for this product from a synthetic source, improving our flexibility in the supply of this basic chemical.

Increased methanol production also found a market in the new vehicle "drive-away" anti-freeze business. The third mild winter in succession again restricted sales of our winter automotive specialties, including methanol and permanent types of anti-freeze which we produce under our own brand names and under private labels for leading marketers of automotive products.

### BIOCHEMICALS

Your Company has continued to strengthen its position in pharmaceuticals as supplier of bulk and private label antibiotics, vitamins and chemicals to manufacturers and formulators of these medical products. Penicillin, bacitracin and dextran were principal products also sold under our own CSC Pharmaceuticals label.

Animal nutrition operations for 1953 reflected a continuation of declining prices, which affected profits in this area of business. Process improvements, lowering our production costs and increasing yields of these potentially profitable products, helped maintain our position in the face of increasing competition.

## The President's Letter (Continued)

Potable spirits operations reflected unusually competitive conditions due to large quantities of neutral spirits being readily available throughout the year. Custom whiskey sales were greater than for the preceding year.

### EXPORT

CSC's products are now sold in more than fifty nations and territories throughout the world. During 1953, important gains were made in our export business through the negotiation of overseas licensing agreements, and the addition of active distributors.

### Community Relations

Your Company enjoyed excellent relations with its employees at all plants throughout the year, and, through them, with the communities where our plants are located.

At Sterlington, the dedication of our expanded facilities in October gave us an opportunity to extend the cordial relationship which Commercial Solvents

and the Thermatomic Carbon Company has always enjoyed with the people of Northern Louisiana.

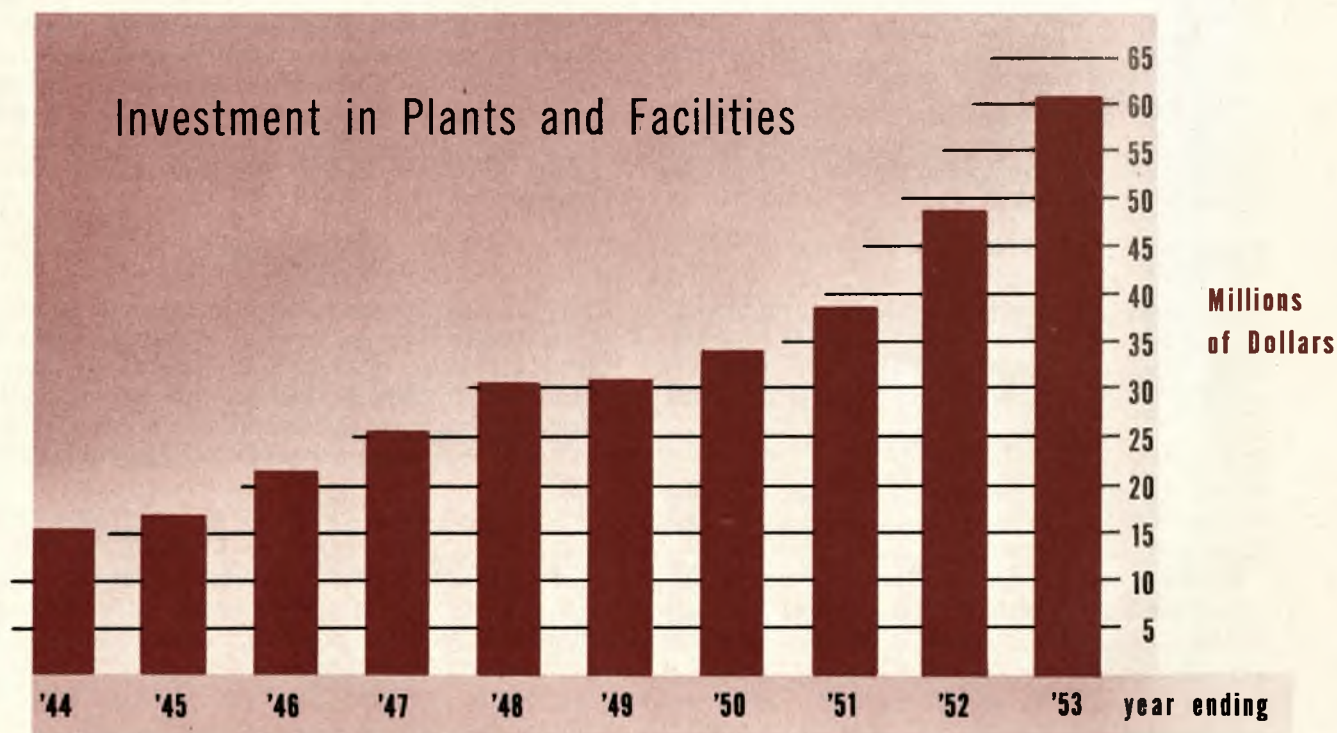
Active participation of employees in worthwhile community activities and tours for students and civic groups at Terre Haute, Peoria and Sterlington have helped the Company to be better known as a good neighbor.

### Directorate and Management

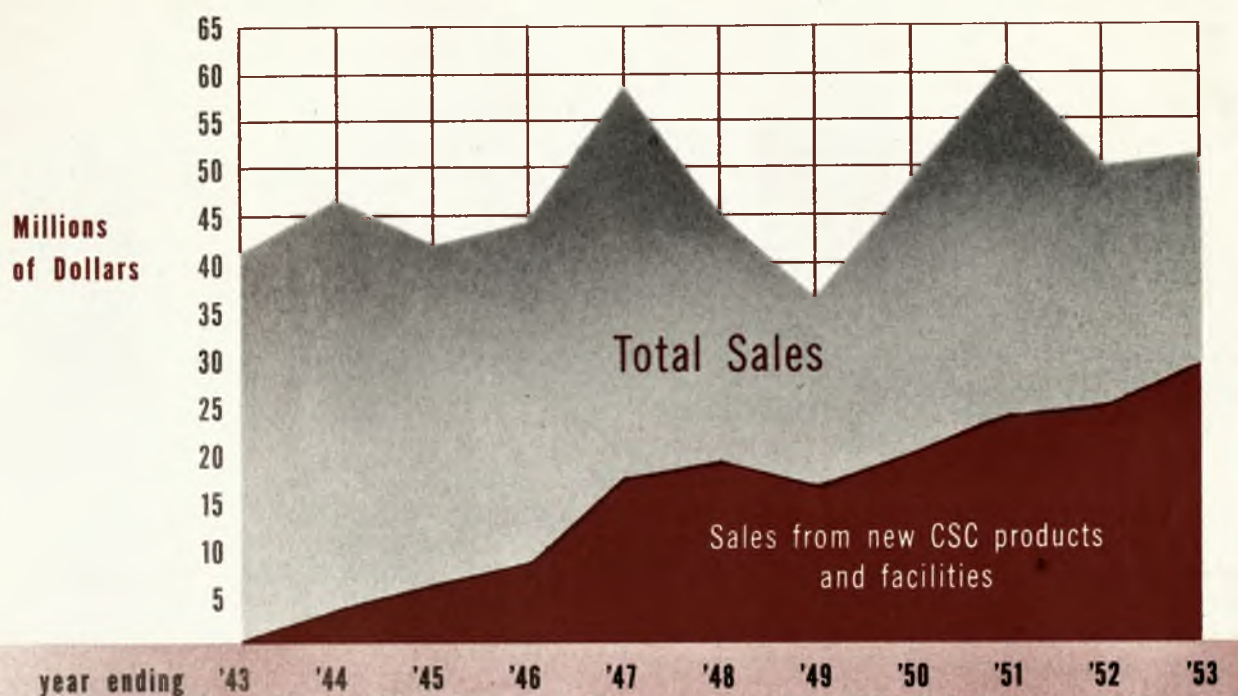
Mr. Clement R. Ford retired from the Board of Directors on February 16, 1953. Mr. Ford served your Company devotedly and well.

Mr. Harold W. Comfort was elected to the Board of Directors on February 16, 1953. Mr. Comfort is Executive Vice President of The Borden Company, a Director of the Cayuga Rock Salt Company, and a Trustee of the Dollar Savings Bank of the City of New York.

Mr. Jeremiah Milbank, Jr., was elected to the Board of Directors on April 27, 1953. Mr. Milbank is in



## Total Sales and Sales from New Products and Facilities



investment management and is also a Director of the Northern Insurance Company of New York.

Mr. Abbott K. Hamilton, Vice President, and Mr. Sydney T. Ellis, Administrative Vice President, were elected Directors on May 25, 1953.

### Development Program

Improved and expanded facilities brought into operation in 1953 strengthened your Company's competitive position in major established businesses. A total of \$11,028,186 was spent during the year for new plant facilities. The major portion of this amount went into expanded capacity for anhydrous ammonia and methanol and a new plant for solid ammonium nitrate.

Progress was also made in reducing our dependence on widely fluctuating commodity raw materials, such as molasses.

In 1935, Commercial Solvents, jointly with Purdue Research Foundation, undertook a research program on a new family of chemicals, the nitroparaffins. Research and development since that time carried on

through the pilot plant and market development stages has proven successful. In January, 1954, your Directors approved plans for a full-scale commercial plant to produce the basic nitroparaffins and selected derivatives. Construction has been started on these new facilities with production scheduled for the latter part of 1955.

Research, Development and Engineering activities were maintained at a high level during the year, reflecting an improvement in current operations and making a real contribution toward the Company's future position.

The first full year's effect of our long-range development will be felt in 1954. From our established biochemicals business and basic position in petrochemicals, it is planned to move forward in both areas, spearheaded by broadened and expanded research and development program, already actively under way.

With the continued support and loyalty of our shareholders and employees, I am confident that we can translate our plans into further tangible progress.

*J. M. Woods*  
President

FEBRUARY 16, 1954



# INDUSTRIAL CHEMICALS



Methanol plant at Sterlington, Louisiana

NEW METHANOL FACILITIES doubling production of this basic chemical came into full operation in October at our Sterlington, Louisiana, plant. Bulk methanol distribution has been expanded to include the midwest and eastern seaboard. Service points handled by tankers and barges have been enlarged and increased in number. Railroad tank cars and trucks are bringing CSC methanol to areas not served by natural waterways.

As a result of this expanded production, increased quantities of methanol were shipped to our Agnew, California, plant for conversion into formaldehyde. Our output of this item has been more than doubled to meet the growing demands of the west coast plastics and plywood industries.

In order to take advantage of expanding markets for pentaerythritol on the west coast, pilot plant operations at Agnew were expanded to production level.

Sales of methylamines, methanol derivatives widely used in industry, were increased and additional facilities are being added at Terre Haute, Indiana. CSC will market larger quantities of methylamines in 1954.

The expansion program at Sterlington also doubled production of anhydrous ammonia and our industrial chemicals customers are now being served with increased quantities.

CSC's position in the ethyl alcohol market has been stabilized and made more flexible by the negotiation of a long term contract for the supply of this product from a synthetic source. Sales of other industrial alcohols and esters including butanol, butyl acetate, ethyl acetate and acetone were brisk throughout the year.

During 1953, production of nitroparaffin derivatives was increased and market development of these products was expanded. This important group of products has found many new industrial uses which further increase their potential as a contributor to CSC sales and profits.



Part of the ammonia plant at Sterlington, Louisiana



Nitroparaffins unit at Peoria, Illinois

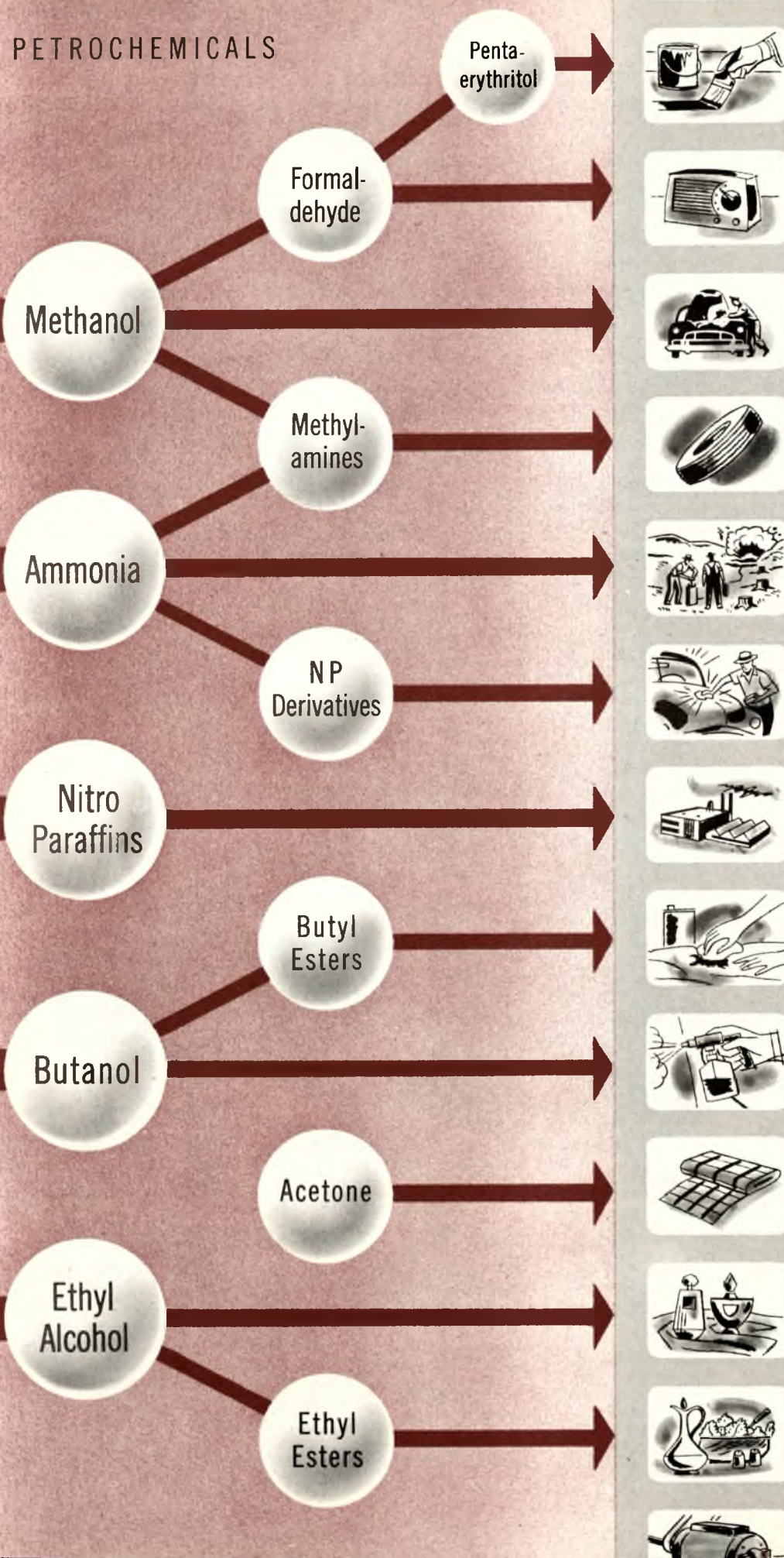
Pioneer producer of butanol, Commercial Solvents Corporation continues as a major supplier and producer of this important chemical and its derivatives, butyl acetate, butyl lactate, dibutyl phthalate, and tributyl phosphate.



From CSC's denaturing plants and network of warehouses and distribution points flows a steady stream of high-quality industrial ethyl alcohols, which are supplied pure, and in denatured formulae to meet every need.



## PETROCHEMICALS



## END USES

### PENTAERYTHRITOL

Raw material in the manufacture of alkyd resins, rosin esters and drying oils, which are used in paints, lacquers and synthetic finishes.

### FORMALDEHYDE

Used in the making of resins for the plywood and plastics industries. Also a basic material in production of dyestuffs, pharmaceuticals, and textile coatings.

### METHANOL

Basic raw material in the production of formaldehyde. Used in the manufacture of anti-freeze. As a solvent, it is used in cleaners, stains, and coatings.

### METHYLAMINES

Used in the synthesis of chemicals for the manufacture of rubber accelerators and in 2,4-D salts used as herbicides. Also in dyestuffs and drugs.

### AMMONIA

In industry, ammonia is used in the manufacture of military and industrial explosives, plastics, synthetic fibers, and rubber. It is also used in steel treatment and as a refrigerant.

### NP DERIVATIVES

Useful materials in the production of waxes, cleaners, and many specialty products. Widely used in making dyes, drugs, rubber and textile chemicals.

### NITROPARAFFINS

A new group of chemicals with an extremely wide range of potential uses as raw materials in industry. As solvents, they are used in cellulose derivative and resin coatings.

### BUTYL ESTERS

Solvents in nitrocellulose lacquers, dopes, paints, and paint thinners. Used in the manufacture of paper-coating solutions, inks, adhesives, cleaners and polishes.

### BUTANOL

Basic ingredient in many lacquers and protective coatings. Also used in manufacture of resins, inks, cleaners, and as a raw material in chemical processes.

### ACETONE

Widely used in manufacture of rayon, and as a raw material in chemical synthesis. It is an important solvent in plastics, cements, paint and varnish removers.

### ETHYL ALCOHOL

The chemical with the widest variety of uses to industry. It is used in making drugs, cosmetics, lacquers, synthetic rubber, plastics, soaps and many other products.

### ETHYL ESTERS

Used in the manufacture of inks, adhesives, duplicating fluids, food and drug products, protective coatings, degreasing fluids and in printing-type cleaners.

# CSC AGRICULTURAL CHEMICALS

THE POPULATION of the United States increases daily by about 7,000. Almost all of our available crop land is now under mechanized cultivation. Thus, the increased use of plant food holds the major promise of enough food for the future.

Of these plant foods, nitrogen is the shortest in supply and the greatest in growing demand. For the estimated 200 million Americans who will populate the U.S. in 1975, nitrogen will be the heart of the harvest.

At its Sterlington, Louisiana, plants CSC now produces agricultural nitrogen in its three lowest cost forms: anhydrous ammonia, nitrogen solutions for mixed fertilizers and crystalline ammonium nitrate for direct application.

The farmer's use of anhydrous ammonia has increased by more than 250 per cent since the 1950-51 fertilizer year. Indications are that it will continue to increase. In 1953, CSC doubled its capacity for producing anhydrous ammonia.

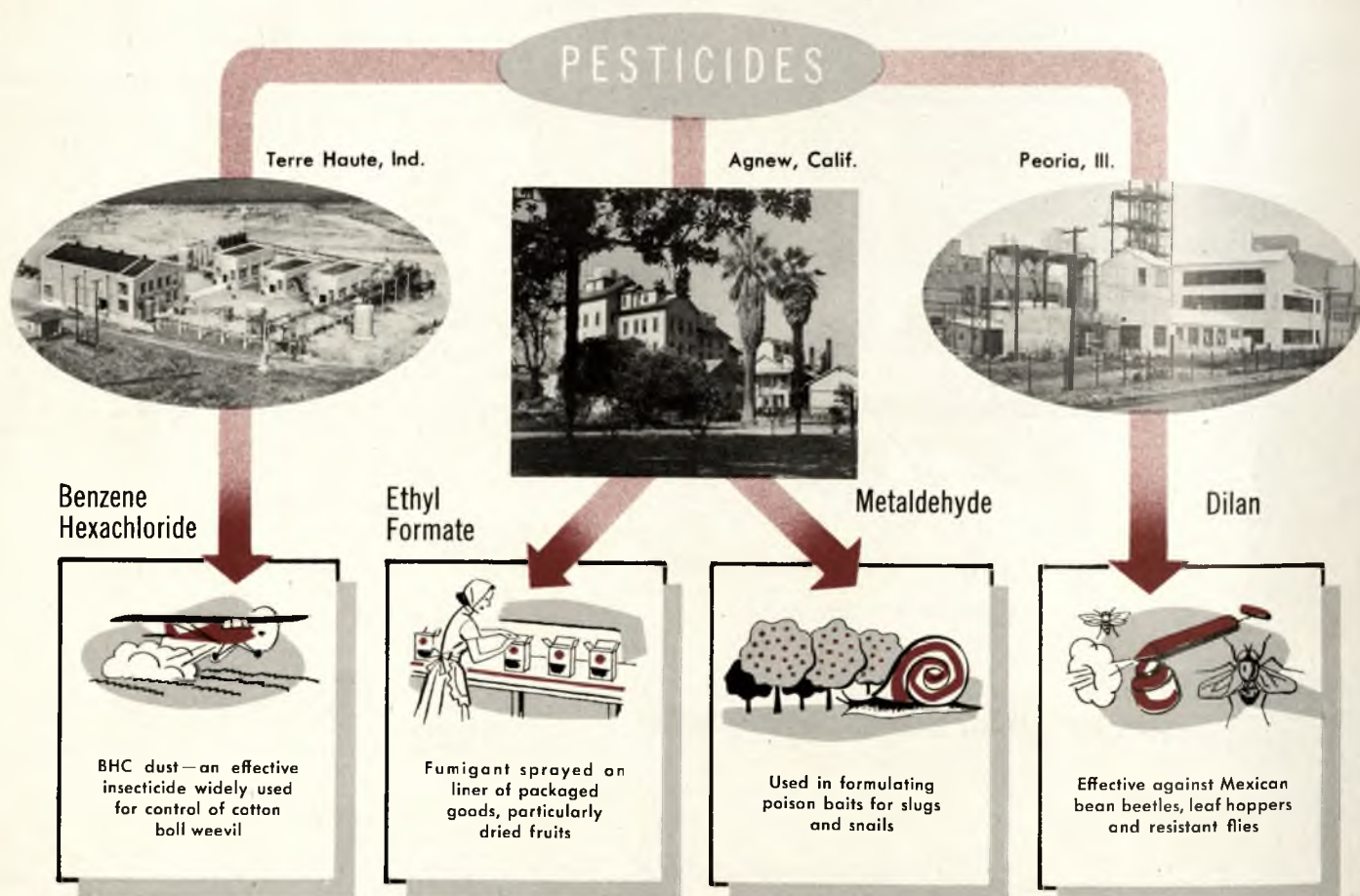
The use of nitrogen solutions has been limited by their availability. Growing farmer acceptance of mixed fertilizers assures a ready market for this form of

nitrogen. CSC, during 1953, improved its ability to supply nitrogen solutions on a long term basis.

The demand for solid nitrogen continued at high level as indicated by the need for imports of approximately 450,000 tons in various forms. Solid nitrogen materials make possible easy handling and application. Among the solids, ammonium nitrate fertilizer is a preferred form. During 1953, CSC began its manufacture of solid ammonium nitrate by a patented process which speeds production through the elimination of several costly and complicated manufacturing steps. The process was developed in our research laboratories by L. A. Stengel. Plant facilities were designed by CSC production engineers and full scale production was achieved in record time.

## Pesticides

The Company maintained its position in the pesticides market through the sale of metaldehyde to combat snails, benzene hexachloride for use against the boll weevil and DILAN® for control of the Mexican bean beetle and flies resistant to most insecticides.



## NITROGEN PRODUCTS



Sterlington, Louisiana

### ANHYDROUS AMMONIA



Nitric Acid



Liquid  
Ammonia



Nitrogen Solutions



Solid  
Ammonium  
Nitrate



#### To Farmer via Distributors



Liquid ammonia under pressure  
is supplied to distributors for  
application directly to soil

#### To Fertilizer Manufacturer



Nitrogen solutions  
and anhydrous  
ammonia are used in the production of  
mixed fertilizers widely used by farmers

#### To Farmer via Dealer



CSC solid ammonium nitrate fertilizer  
is distributed by fertilizer manufac-  
turers through dealers to farmers

# CSC AUTOMOTIVE SPECIALTIES

SEVEN MILLION new passenger cars and trucks were produced by American automotive manufacturers during 1953. Many of these vehicles rolled off the assembly lines equipped with methanol anti-freeze made by CSC.

We entered this new vehicle anti-freeze market in 1953 as our production of methanol, the prime ingredient in temporary type anti-freeze, doubled due to expansion of our Sterlington, Louisiana, facilities.

The Company's basic manufacturing position in this field is now matched by a broad marketing program which includes NOR'WAY® brand name, private label and new vehicle "drive-away" sales.

CSC also makes PEAK®, the ethylene glycol permanent type anti-freeze. Another unusually mild winter resulted in a slight reduction in sales volume.

Customer acceptance was maintained through intensified sales promotion, an increase in the number and activity of distributors and sponsorship of the Red Barber "PEAK of the Sports News" television program during the winter months.

The formulation and manufacture of methanol and glycol anti-freeze for large companies selling these products under their own brand names continued as a substantial portion of 1953 sales.

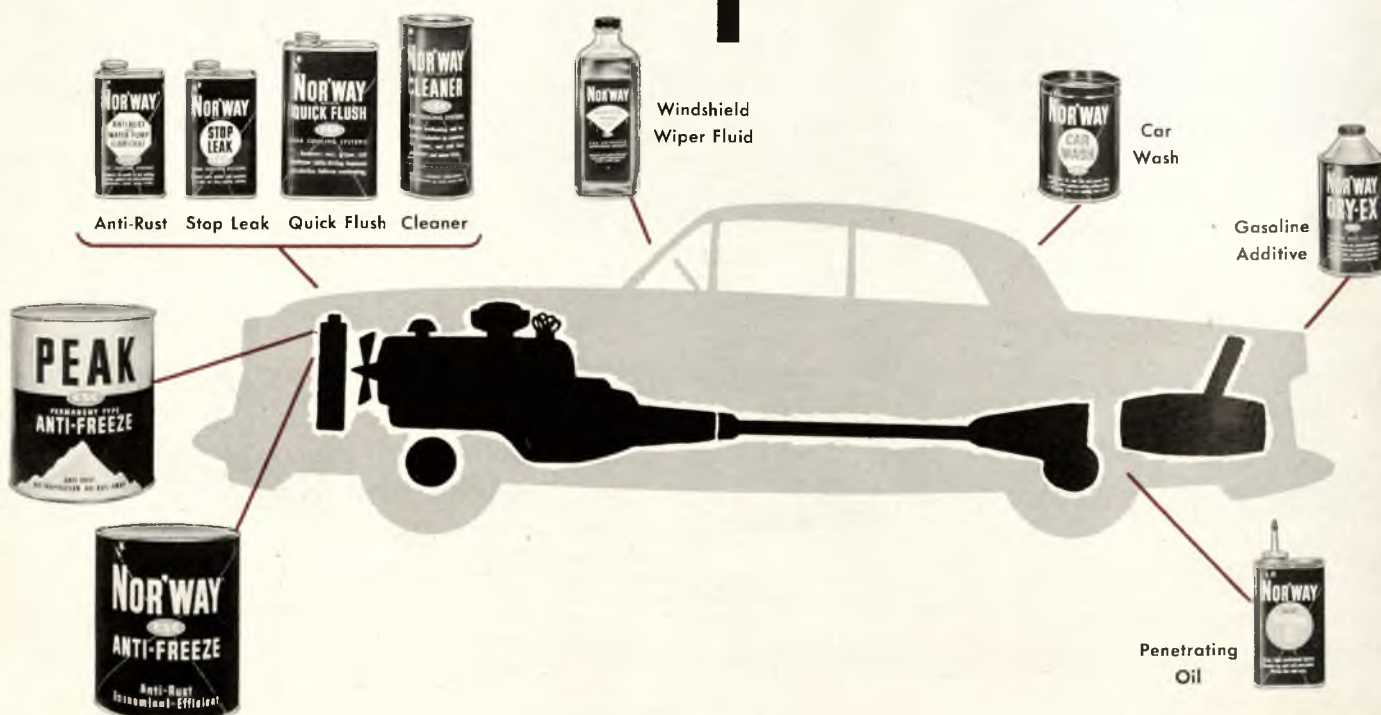
Year round contact was maintained with dealers through CSC's NOR'WAY automotive specialties including DRY-EX®, the gasoline line anti-freeze, and CLEANER, QUICK-FLUSH, STOP-LEAK and ANTI-RUST radiator products, all of which help to keep the NOR'WAY name before the public throughout the year.



Packaging plant at Sterlington, Louisiana



Terre Haute, Indiana packaging plant





Distillery located at Terre Haute, Indiana



Neutral Spirits



Bonded warehouse facilities at Terre Haute have storage capacity of 15,000,000 gallons



Bonded Whiskies

to rectifiers  
and bottlers



Neutral spirits and bonded whiskies made by CSC are supplied to many of the nation's leading distilleries, rectifiers and blenders marketing well-known brands of gins, cordials and whiskies. No blending or bottling is done by CSC.

## POTABLE SPIRITS

LARGE QUANTITIES of grain and cane spirits readily available throughout the year resulted in competitive market conditions and lower unit prices. Nevertheless CSC grain and cane spirits sales increased over the previous year and were a contributor to profits. As the year ended neutral spirits sales were continuing in sustained volume.

CSC sales of custom order potable spirits increased substantially during 1953. Many of the nation's leading distillers, rectifiers and blenders of famous brand gin, cordials and whiskies are CSC potable spirits customers.

Our custom whisky is aged at least four years prior to consumption. It is stored in the Company's bonded rackhouses by our customers. This warehousing phase of Potable Spirits operations continued at about the same level as in preceding years.



The Company's oldest line of products are the Rossville brand of alcohols which trace their ancestry back to the Rossville Indiana distillery started in 1847.



# PHARMACEUTICALS

SPECIALIZATION has always made the chemicals industry its own best customer. This is especially true in pharmaceuticals where large quantities of materials and finished products are purchased from chemical manufacturers such as Commercial Solvents for marketing under private labels.

CSC has, during 1953, strengthened its position as a supplier to the trade of custom made pharmaceuticals for private label sale. We continued to maintain our position as a manufacturer and marketer of a number of pharmaceutical products sold under our brand name, "CSC Pharmaceuticals."

Dextran, CSC's plasma volume expander was sold in large volume under contract to the U.S. Armed Forces. Progress was made in marketing this pharmaceutical product for private label sales and under the CSC "EXPANDEX"<sup>®</sup> trade name.

Bacitracin antibiotic preparations continued to experience a steady increase in acceptance by the medical profession. In 1954 we will market additional grades for specific topical, oral and injectable usages.

Bulk and private label package penicillin sales were improving as the year ended. Riboflavin U.S.P. Crystals sales were greater than in the previous year. Process improvements lowering production costs for both these products were developed during the year.



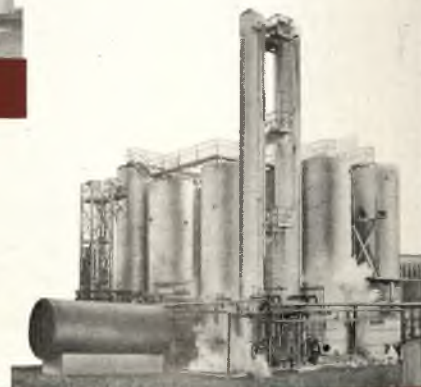
PENICILLIN



EXPANDEX (Dextran)



PACKAGING PLANT

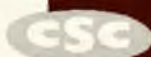


RIBOFLAVIN



BACITRACIN

All plants located at Terre Haute, Ind.



# ANIMAL NUTRITION PRODUCTS

## ANTIBIOTICS



Baciferm

Penbac

Penline

Duoferm

## VITAMINS



Dried Butyl Solubles

Riboflavin

Vitamin B<sub>12</sub>

Choline

### to Feed Manufacturers

CSC products are ingredients used in animal feed formulas to produce more meat, milk and eggs.



A STRONGLY competitive situation prevailed in the animal nutrition market throughout 1953, a year of drought and declining farm prices. Commercial Solvents, a pioneer in animal nutrition, maintained its basic position by broadening its selling base and developing process improvements.

Throughout the year we continued to supply feed manufacturers with new and improved products combining the vitamins and antibiotics necessary for maintaining health and increasing market weight of livestock and poultry.

CSC penicillin and bacitracin, antibiotics of proven value in animal nutrition, are marketed in a variety of useful mixtures for incorporation in feed formulations.

In the vitamin field, our B-Y feed supplements containing riboflavin continued to experience a healthy acceptance.

Sales of PROFORM<sup>®</sup>, the vitamin B<sub>12</sub> feed supplement which we introduced three years ago, and choline chloride, a CSC "first" in the feed industry, showed improved sales.

# EXPORT

CSC PRODUCTS are now sold in more than fifty countries and territories throughout the world. Through licensing agreements and increased sales representation we have entered many new markets. This expansion was conducted in the face of world-wide restrictions on trade and has been limited to the so-called hard currency areas of the world where CSC products may be sold on a profitable basis.

Pharmaceuticals and industrial chemicals accounted for a major share of our export business. This was particularly true in Central and South America. As the

CSC brand name becomes established and accepted in new markets we are introducing other product groups. This has resulted in encouraging initial sales of animal nutrients and agricultural chemicals.

Licensing agreements have been made for the manufacture of penicillin and bacitracin by CSC processes in France and the Scandinavian area, and certain industrial chemicals in Japan.

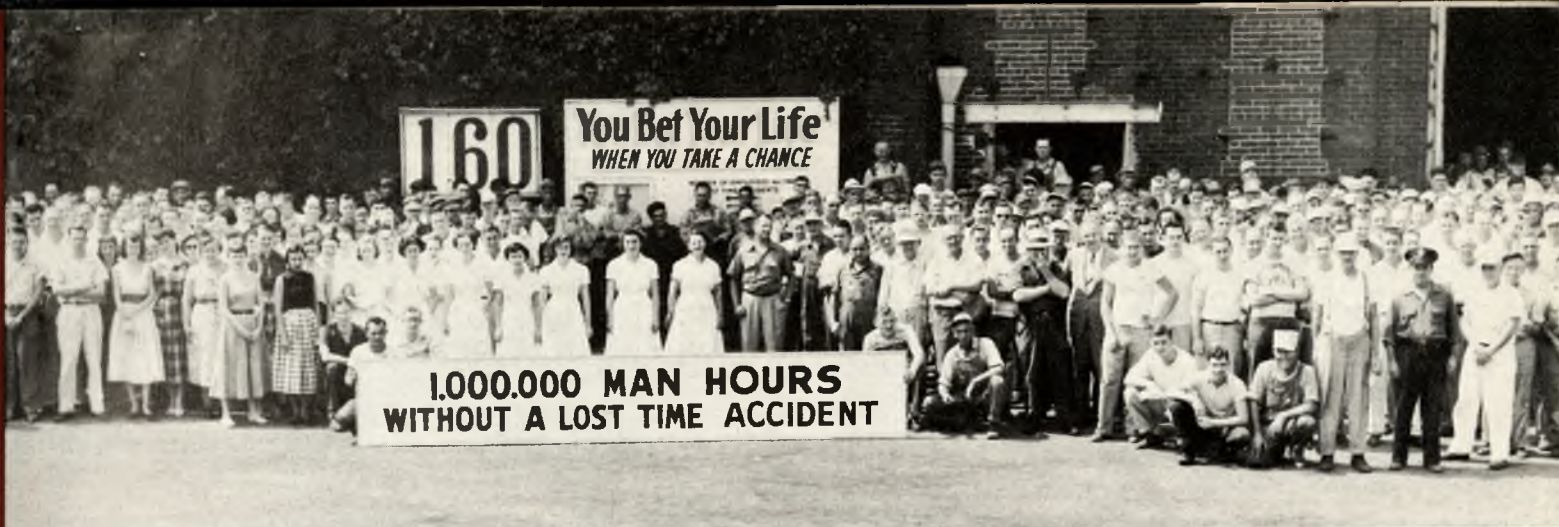
In Central and South America our emphasis has been on securing active distribution and sales promotion for our products. New markets opened in this area during 1953 are Puerto Rico, Colombia, Guatemala, Costa Rica, Honduras and Panama.

Plans for 1954 call for a continuation of this international sales expansion program, consolidation of gains made in 1953 and the introduction of the full line of CSC products wherever markets for them exist.



Pharmaceuticals are often shipped by air

Freighters transport heavy chemicals



Employees at main plant, Terre Haute



Over 500 employees and guests at Sterlington open house



Nor'way baseball team at Terre Haute plant



Annual picnic at Peoria is the day for youngsters

## EMPLOYEES

2,347 — Length of Service

				
1-5 Years	5-10 Years	10-15 Years	15-20 Years	20 or more
789	608	311	303	336

COMMERCIAL SOLVENTS employees turned in outstanding records of performance, safety on the job, and low absenteeism.

Employees at two of our largest plants, Terre Haute, Indiana, and Sterlington, Louisiana, passed the 1,000,000 man-hour mark without a lost-time accident. With good results at other plants this establishes an all-time safety record in our Company.

The Company is proud of the extensive participation by its employees in the worthwhile community activities in our plant cities. The Company itself sponsors a Boy Scout Troop at Terre Haute and joins in Red Cross, Community Chest and similar projects which work for the betterment of the entire community.

CSC employee benefits include group sickness, accident and hospitalization, group life insurance, retirement and pension plans and an employee-operated credit union.

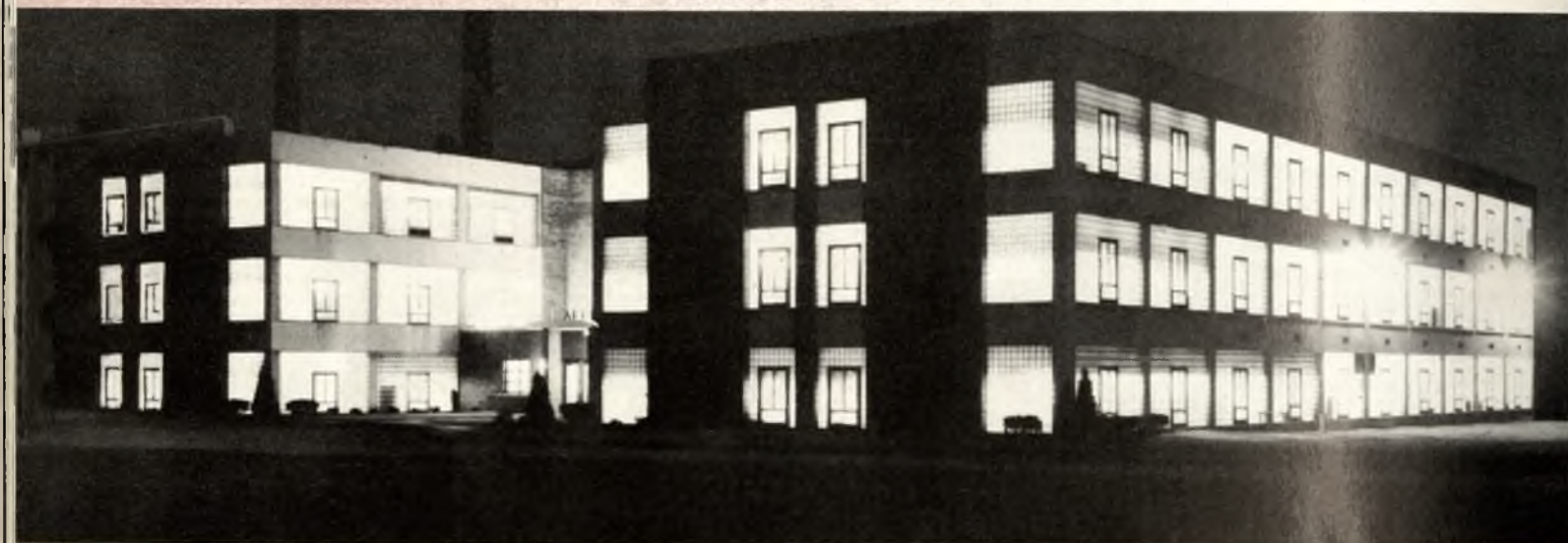
Throughout 1953 an active program of athletic competitions and social events was conducted at all plants. This included banquets to honor senior employees who have been with CSC for 20 years or more.

We are pleased by the number of young men and women who have joined their parents as members of the CSC family. They are a welcome addition to our organization.

# RESEARCH DEVELOPMENT AND ENGINEERING



Nitroparaffins pilot plant at Peoria



CSC Research Center—main building at Terre Haute

A FIRM FOUNDATION for Commercial Solvents' long term position is being built by this Company's research and development program.

A constant search is maintained for new areas of chemical endeavor wherein our manpower, experience, processes and facilities may be brought to bear. Existing products and operations are subjected to continuous review so that the quality of CSC chemicals and the efficiency of our processes may be maintained at the highest levels. Through the Company's long range research and development activities, new ideas are translated into useful chemical products.

During 1953, CSC's Research, Development and Engineering teamwork resulted in the completion and full production of our expanded ammonia-methanol facilities at Sterlington, Louisiana, in record time. It also made possible the development in our own laboratories of a new and better process for producing solid ammonium nitrate, the plant for which was designed and engineered by CSC personnel.

CSC will continue its broad petrochemicals and biochemicals program so that the Company may move forward from its established and basic position in these two fields.



Microbiological pilot plant at Terre Haute



Pharmacology Center at Terre Haute

## PETROCHEMICALS



A team of researchers carry out initial development work



Pilot plant operation for CSC Ammonium Nitrate Fertilizer



Sample Department where experimental products are labeled and shipped



One of the laboratories where composition and purity of chemicals are checked



Faster and more accurate analysis of chemicals is obtained with this mass spectrometer



Corrosion and efficiency tests of anti-freeze products are determined with this equipment



Microscopic identification and screening is part of the pharmaceutical research program



Microbiological assay laboratory where potencies of antibiotic solutions are determined



Steam autoclaves, such as this unit, are necessary to sterilize media before inoculation

## BIOCHEMICALS



Fermentation products are produced here in pilot plant quantities



After antibiotics have been produced in purified form, the products are vacuum dried



Pharmaceutical chemist prepares drug in various dosage forms for evaluation



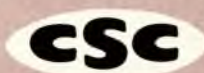
Before any product is released for investigational use it must pass various animal tests



Pharmacology tests are made in laboratory to determine the action of drug in animals



CSC maintains animal research farms to check nutrition products and veterinary drugs



# Commercial Solvents

## Consolidated Financial Position

	December 31,	
	1953	1952
<b>CURRENT ASSETS</b>		
Cash . . . . .	\$ 7,323,530	\$10,131,510
U. S. Government securities, at cost . . . . .	100,000	150,000
Accounts receivable (less allowance for doubtful accounts) . . . . .	8,756,368	10,525,256
Inventories, at the lower of average cost or market		
Finished products and materials in process . . . . .	9,054,596	10,732,857
Raw materials and supplies . . . . .	2,268,429	2,628,047
Total Current Assets . . . . .	<u>27,502,923</u>	<u>34,167,670</u>
<b>LESS CURRENT LIABILITIES</b>		
Accounts payable . . . . .	1,613,357	2,440,141
Accrued Federal taxes on income . . . . .	2,864,140	1,482,522
Other accrued liabilities . . . . .	1,982,916	1,275,524
Total Current Liabilities . . . . .	<u>6,460,413</u>	<u>5,198,187</u>
<b>WORKING CAPITAL</b> . . . . .	<u>21,042,510</u>	<u>28,969,483</u>
<b>NON-CURRENT ACCOUNT RECEIVABLE</b> . . . . .	<u>300,000</u>	<u>600,000</u>
<b>INVESTMENT IN THERMATOMIC CARBON COMPANY</b> (controlled company not consolidated), at less than cost . . . . .	<u>166,972</u>	<u>166,972</u>
<b>FIXED ASSETS</b>		
Land, buildings and equipment, at cost . . . . .	60,667,991	49,889,857
Less accumulated depreciation and amortization . . . . .	22,273,395	19,519,551
Net Fixed Assets . . . . .	<u>38,394,596</u>	<u>30,370,306</u>
<b>GOODWILL AND PATENTS</b> . . . . .	<u>1</u>	<u>1</u>
<b>DEFERRED CHARGES</b> (insurance, taxes, supplies inventory, etc.) . . . . .	<u>3,522,847</u>	<u>3,270,648</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b> . . . . .	<u>63,426,926</u>	<u>63,377,410</u>
<b>LESS LONG-TERM DEBT AND DEFERRED ITEMS</b>		
3 <sup>3</sup> / <sub>4</sub> % Notes payable . . . . .	25,000,000	25,000,000
Deferred income . . . . .	600,000	900,000
Deferred Federal taxes on income . . . . .	396,000	66,000
<b>SHAREHOLDERS' EQUITY</b> . . . . .	<u>\$37,430,926</u>	<u>\$37,411,410</u>
<b>SOURCE OF SHAREHOLDERS' EQUITY</b>		
Common stock—no par value		
Authorized—3,000,000 shares		
Issued —2,636,878 shares . . . . .	\$ 6,593,452	\$ 6,593,452
Additional paid in capital . . . . .	4,325,514	4,325,514
Earnings retained in business at end of year . . . . .	26,511,960	26,492,444
	<u>\$37,430,926</u>	<u>\$37,411,410</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

# Corporation

## Consolidated Earnings and Summary of Earnings Retained in Business

	Year Ended December 31,	
	1953	1952
OPERATING INCOME		
Net sales . . . . .	\$51,310,204	\$50,279,428
Other operating income . . . . .	272,767	341,862
	<u>51,582,971</u>	<u>50,621,290</u>
OPERATING COSTS AND EXPENSES		
Cost of sales, and expenses applicable to other operating income . . . . .	36,420,778	38,811,345
Selling, research and administrative expenses . . . . .	7,034,531	7,329,335
Depreciation and amortization . . . . .	2,893,838	2,173,589
	<u>46,349,147</u>	<u>48,314,269</u>
EARNINGS FROM OPERATIONS . . . . .	5,233,824	2,307,021
OTHER INCOME		
Dividends and other income received from Thermatomic Carbon Company . . . . .	399,752	399,752
Miscellaneous income—net . . . . .	304,099	230,875
	<u>5,937,675</u>	<u>2,937,648</u>
INTEREST ON BORROWINGS . . . . .	955,781	622,656
EARNINGS BEFORE FEDERAL TAXES ON INCOME . . . . .	4,981,894	2,314,992
FEDERAL TAXES ON INCOME (including deferred taxes—see notes) . . . . .	2,325,500	946,600
NET EARNINGS FOR YEAR . . . . .	2,656,394	1,368,392
Special Items		
Settlement of 1940-43 excess profits tax claims . . . . .	—	1,385,777
Adjustment for replacement of molasses inventory involuntarily liquidated in prior years, less tax refund . . . . .	—	278,390
NET EARNINGS AND SPECIAL ITEMS . . . . .	2,656,394	2,475,779
EARNINGS RETAINED IN BUSINESS AT BEGINNING OF YEAR . . . . .	26,492,444	26,653,543
	29,148,838	29,129,322
Dividends paid . . . . .	<u>2,636,878</u>	<u>2,636,878</u>
EARNINGS RETAINED IN BUSINESS AT END OF YEAR . . . . .	<u>\$26,511,960</u>	<u>\$26,492,444</u>
Net earnings per share . . . . .	\$1.01	\$ .52
Dividends paid per share . . . . .	\$1.00	\$1.00

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

# Notes to Financial Statements

## Investment in Thermatomic Carbon Company

The Corporation's 65.3% equity in the net assets of Thermatomic Carbon Company at December 31, 1953 exceeds the net value at which the investment is carried by \$908,308. The excess of equity in earnings of said company over dividends received amounted to \$400 in 1953 and \$22,562 in 1952.

## Long-Term Debt

Notes under the loan agreements entered into with insurance companies are payable in approximately equal installments during the period 1957 through 1972. The loan agreements provide, among other things, that the Corporation may not declare any dividend, other than stock dividends, in excess of consolidated retained earnings subsequent to December 31, 1950, plus \$2,500,000. The agreements also require that the declaration of such dividends will not reduce the consolidated working capital to an amount less than \$15,000,000. At December 31, 1953 \$4,575,997 of the consolidated retained earnings was free of such restrictions.

## Stock Options

On November 16, 1950 the Corporation granted to certain key executive employees options to purchase shares of its authorized but unissued common stock at a price of \$21 per

share. The options are exercisable at any time on or before December 31, 1957. At December 31, 1953 none of the options had been exercised and options to purchase an aggregate of 45,750 shares were outstanding.

## Price Redetermination and Renegotiation

Certain of the Corporation's sales in 1953 and 1952 are subject to price redetermination and renegotiation by the U. S. Government. The amounts which will be payable are not presently determinable but may be substantial. Provision for estimated refunds has been made in the accounts each year in an amount which the Corporation considers adequate.

## Deferred Federal Taxes on Income

The Corporation has obtained Certificates of Necessity from the U. S. Government with respect to the principal plant facilities acquired during the years 1950 through 1953 and is amortizing the certified portion of the cost of these facilities over a five-year period for Federal income tax purposes. Normal depreciation on the certified portion of certain of these facilities is being charged against earnings. The excess of the tax amortization over normal depreciation results in temporary tax benefits amounting to \$330,000 in 1953 and \$66,000 in 1952 which have been charged against earnings and credited to Deferred Federal taxes on income. The amounts so deferred will be taken into earnings over the remaining estimated useful lives of the facilities commencing upon expiration of the five-year period.

## Accountants' Report

### ARTHUR YOUNG & COMPANY

ACCOUNTANTS AND AUDITORS

165 BROADWAY

NEW YORK 6, N. Y.

To the Board of Directors of  
Commercial Solvents Corporation

We have examined the statement of consolidated financial position of Commercial Solvents Corporation and Subsidiary at December 31, 1953 and the related statement of consolidated earnings and summary of earnings retained in business for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, subject to such adjustment as may result from price redetermination and renegotiation (see notes to financial statements), the accompanying statements of consolidated financial position and of consolidated earnings and summary of earnings retained in business present fairly the financial position of Commercial Solvents Corporation and Subsidiary at December 31, 1953 and the results of their operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

ARTHUR YOUNG & COMPANY

New York, N. Y.  
February 5, 1954

# COMMERCIAL SOLVENTS CORPORATION

## Ten-Year Financial Summary

### Consolidated Financial Position at December 31 each year

(ALL AMOUNTS EXPRESSED IN THOUSANDS)

	1953	1952	1951	1950	1949	1948	1947	1946	1945	1944
Cash . . . . .	\$ 7,324	\$10,132	\$10,036	\$ 3,895	\$ 4,524	\$ 4,213	\$ 7,346	\$ 4,532	\$ 6,831	\$ 7,423
U. S. Government securities . . . . .	100	150	150	150	150	1,167	1,169	1,682	4,650	3,650
Accounts receivable less allowance . . . . .	8,756	10,525	7,127	8,025	3,662	4,229	5,488	6,485	5,212	4,561
Inventories . . . . .	11,323	13,361	15,481	10,189	8,738	7,442	6,466	6,239	4,474	4,013
Current assets . . . . .	27,503	34,168	32,794	22,259	17,074	17,051	20,469	18,938	21,167	19,647
Less current liabilities . . . . .	6,460	5,198	9,051	6,804	3,577	3,892	5,265	4,229	2,266	4,156
Working capital . . . . .	21,043	28,970	23,743	15,455	13,497	13,159	15,204	14,709	18,901	15,491
Post-war refund of excess profits tax . . . . .	—	—	—	—	—	—	—	—	—	1,946
Non-current account receivable . . . . .	300	600	900	1,200	1,500	1,800	—	—	—	—
Investments and other assets . . . . .	167	167	167	167	449	1,237	1,237	1,172	1,171	1,174
Land, buildings and equipment . . . . .	60,668	49,890	38,644	34,102	32,624	31,531	26,709	22,378	15,350	15,054
Less accumulated depreciation and amortization . . . . .	22,273	19,520	17,661	16,130	14,789	13,898	12,861	12,233	11,901	9,927
	38,395	30,370	20,983	17,972	17,835	17,633	13,848	10,145	3,449	5,127
Deferred charges . . . . .	3,522	3,270	2,980	1,917	1,829	2,161	2,000	1,318	882	744
Total assets less current liabilities . . . . .	63,427	63,377	48,773	36,711	35,110	35,990	32,289	27,344	24,403	24,482
Less										
Long-term debt . . . . .	25,000	25,000	10,000	—	—	—	—	—	—	—
Deferred income . . . . .	600	900	1,200	1,500	1,800	2,100	—	—	—	—
Deferred Federal taxes on income . . . . .	396	66	—	—	—	—	—	—	—	—
Reserves for contingencies and miscellaneous . . . . .	—	—	—	674	655	644	631	643	785	667
Shareholders' equity . . . . .	37,431	37,411	37,573	34,537	32,655	33,246	31,658	26,701	23,618	23,815
Source of shareholders' equity										
Common stock . . . . .	6,593	6,593	6,593	6,593	6,593	6,593	6,593	6,593	6,593	6,593
Additional paid in capital . . . . .	4,326	4,326	4,326	4,326	4,326	4,326	4,326	4,326	4,326	4,326
Earnings retained in business at end of year . . . . .	26,512	26,492	26,654	23,618	21,736	22,327	20,739	15,782	12,699	12,896
	\$37,431	\$37,411	\$37,573	\$34,537	\$32,655	\$33,246	\$31,658	\$26,701	\$23,618	\$23,815

# Ten-Year Financial Summary (Continued)

## Consolidated Earnings and Summary of Earnings Retained in Business for the calendar years

(ALL AMOUNTS EXPRESSED IN THOUSANDS)

	1953	1952	1951	1950	1949	1948	1947	1946	1945	1944
Net sales . . . . .	\$51,310	\$50,279	\$61,172	\$49,095	\$36,364	\$45,062	\$58,876	\$44,903	\$42,796	\$46,664
Other operating income . . . . .	273	342	412	404	369	238	226	105	194	381
	51,583	50,621	61,584	49,499	36,733	45,300	59,102	45,008	42,990	47,045
Operating costs and expenses . . . . .	46,349	48,314	50,995	42,312	33,007	38,051	45,678	36,587	36,359	38,777
Earnings from operations . . . . .	5,234	2,307	10,589	7,187	3,726	7,249	13,424	8,421	6,631	8,268
Dividends and other income—net . . . . .	704	631	719	1,299	1,198	1,293	879	611	283	363
	5,938	2,938	11,308	8,486	4,924	8,542	14,303	9,032	6,914	8,631
Interest on borrowings . . . . .	956	623	—	—	—	—	—	—	—	—
Earnings before Federal taxes on income, etc. . . . .	4,982	2,315	11,308	8,486	4,924	8,542	14,303	9,032	6,914	8,631
Provision for Federal taxes on income . . . . .	2,325	947	5,465	3,308	1,560	2,999	5,235	3,312	4,781	5,860
Provision for contingencies . . . . .	—	—	—	—	—	—	—	—	100	250
Net earnings for year . . . . .	2,657	1,368	5,843	5,178	3,364	5,543	9,068	5,720	2,033	2,521
Special items										
Excess profits tax settlement . . . . .	—	1,385	—	—	—	—	—	—	—	—
Reversal of reserve for contingencies . . . . .	—	—	489	—	—	—	—	—	—	—
Other—net . . . . .	—	278	—	—	—	—	156	—	253	—
Net earnings and special items . . . . .	2,657	2,475	6,332	5,178	3,364	5,543	8,912	5,720	1,780	2,521
Earnings of prior years retained in business . . . . .	26,492	26,654	23,618	21,736	22,327	20,739	15,782	12,699	12,896	12,353
	29,149	29,129	29,950	26,914	25,691	26,282	24,694	18,419	14,676	14,874
Dividends paid . . . . .	2,637	2,637	3,296	3,296	3,955	3,955	3,955	2,637	1,977	1,978
Earnings retained in business at end of year . . . . .	\$26,512	\$26,492	\$26,654	\$23,618	\$21,736	\$22,327	\$20,739	\$15,782	\$12,699	\$12,896
Net earnings per share . . . . .	\$1.01	\$ .52	\$2.22	\$1.96	\$1.28	\$2.10	\$3.44	\$2.17	\$ .77	\$ .96
Dividends paid per share . . . . .	\$1.00	\$1.00	\$1.25	\$1.25	\$1.50	\$1.50	\$1.50	\$1.00	\$ .75	\$ .75



### General Offices

260 Madison Avenue  
New York 16, N. Y.

### Transfer Agent

Guaranty Trust Company  
of New York  
140 Broadway  
New York 15, N. Y.

### Registrar

The Chase National Bank  
of the City of New York  
11 Broad Street  
New York 15, N. Y.

## Shareholders

YOUR COMPANY has one class of shares, designated as common stock without par value. Of 3,000,000 authorized shares, 2,636,878 are outstanding and are listed on the New York Stock Exchange.

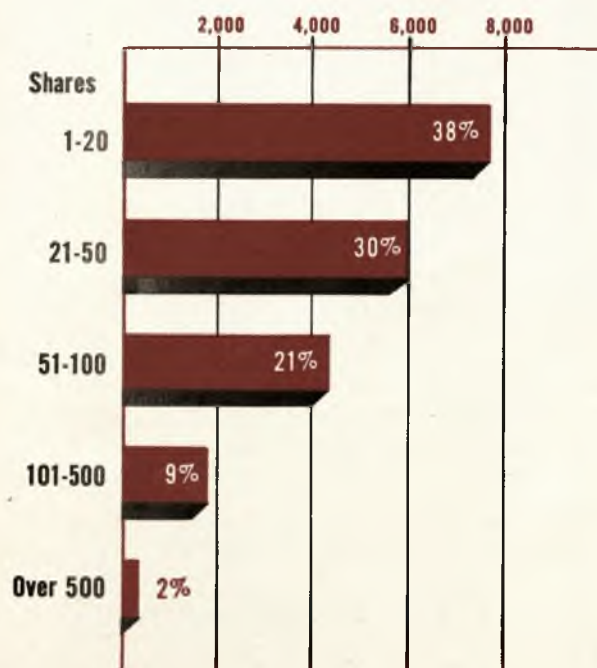
As 1953 ended, there were 20,171 registered shareholders who owned Commercial Solvents Corporation.

All shareholders are urged to notify the Corporation promptly regarding any change in their addresses so that the records may be kept up to date at all times.

The annual meeting of shareholders will be held on April 1, 1954. You will shortly receive a notice of the meeting, proxy statement and form of proxy. If you do not expect to attend the meeting in person, please sign, date, and return your proxy promptly.

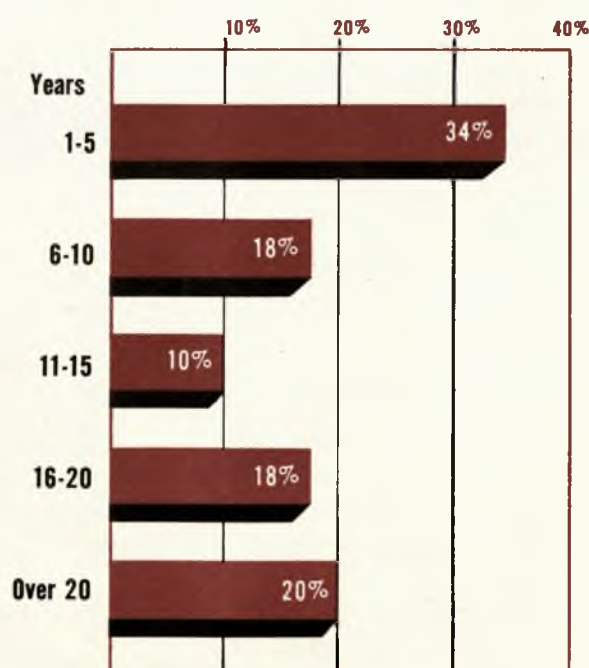
### Size of Holdings

NUMBER OF SHAREHOLDERS—DEC. 31, 1953



### Length of Time Held

PERCENTAGE OF SHAREHOLDERS—DEC. 31, 1953



# DIRECTORS

Left to Right: Messrs. Ellis, Milbank, Comfort, Reid, Igleheart, Miner, Booth,  
Woods, Griswold, Helm, Lincoln, Lawrence, Smith, Hamilton, Wheeler

**J. ALBERT WOODS**  
*President,*  
Commercial Solvents Corporation

**WILLIS H. BOOTH**  
*Member of Executive and  
Finance Committee,*  
International Business Machines Corp.

**HAROLD W. COMFORT**  
*Executive Vice President,*  
The Borden Company

**SYDNEY T. ELLIS**  
*Administrative Vice President,*  
Commercial Solvents Corporation

**W. E. S. GRISWOLD, SR.**  
*Chairman of Executive Committee  
and Director, W. & J. Sloane*

**ABBOTT K. HAMILTON**  
*Vice President,*  
Commercial Solvents Corporation

**HAROLD H. HELM**  
*President,*  
Chemical Bank & Trust Company

**AUSTIN S. IGLEHEART**  
*President,*  
General Foods Corporation

**ARTHUR B. LAWRENCE**  
*Senior Partner,*  
F. S. Smithers & Co.

**LEROY A. LINCOLN**  
*Chairman of the Board,*  
Metropolitan Life Insurance Company

**JEREMIAH MILBANK, JR.**  
*Investment Management*

**CARL S. MINER**  
*Director,*  
The Miner Laboratories

**ERNEST W. REID**  
*President,*  
Corn Products Refining Company

**HENRY V. B. SMITH**  
*Partner,*  
H. J. Baker & Bro.

**MAYNARD C. WHEELER**  
*Vice President,*  
Commercial Solvents Corporation

## OFFICERS

**J. ALBERT WOODS**  
*President*

**SYDNEY T. ELLIS**  
*Administrative Vice President*

**THOMAS S. CARSWELL**  
*Vice President,*  
Biochemicals Division

**ABBOTT K. HAMILTON**  
*Vice President,*  
Petrochemicals Division

**MAYNARD C. WHEELER**  
*Vice President,*  
Research, Development and  
Engineering Division

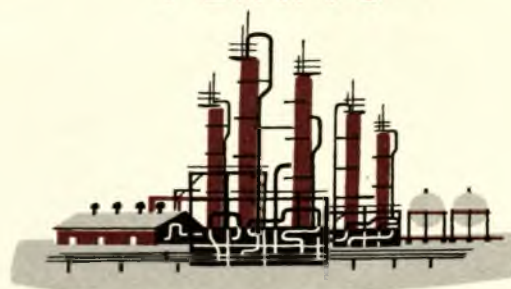
**HOWARD L. SANDERS**  
*Vice President and Treasurer*

**ANTHONY H. BRAUN**  
*Controller*

**ALEXANDER R. BERGEN**  
*Secretary*

**CSC**

## PLANTS



Agnew, California	Sterlington, Louisiana
Carlstadt, New Jersey	Harvey, Louisiana
Newark, New Jersey	Peoria, Illinois
Terre Haute, Indiana	

## SALES OFFICES



## AGENTS



Agents in  
22 U. S. cities



Agents in 45  
Foreign Countries



*Annual Report 1954*

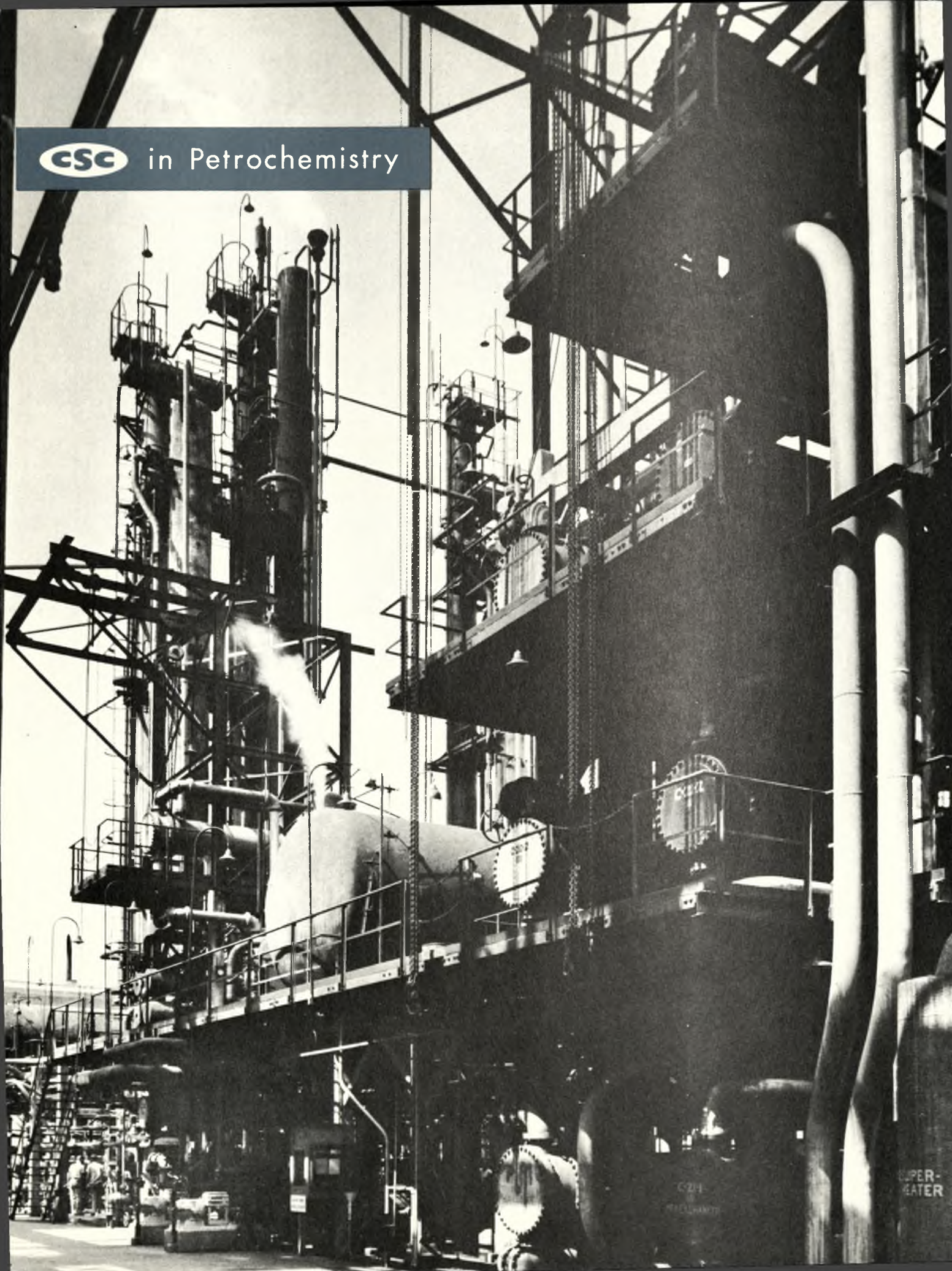
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*Commercial Solvents Corporation*



in Petrochemistry



35<sup>th</sup>

# Annual Report 1954

The logo for Commercial Solvents Corporation (CSC) is located in the upper right quadrant of the cover. It consists of the letters "CSC" in a bold, sans-serif font, enclosed within a dark, horizontally-oriented oval.

## Commercial Solvents Corporation

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# Results at a Glance

## Financial and Operating

FOR THE YEAR ENDED  
DECEMBER 31

1954

1953

Net Sales . . . . .	\$51,608,349	\$51,310,204
Federal, State and other taxes . . . .	\$ 2,748,049	\$ 2,730,862
Net earnings . . . . .	\$ 2,668,342	\$ 2,656,394
Per share of stock . . . . .	\$1.01	\$1.01
Dividends paid . . . . .	\$ 2,636,878	\$ 2,636,878
Per share of stock . . . . .	\$1.00	\$1.00
Land, buildings and equipment additions		
Expenditures during the year . . . .	\$ 1,897,278	\$11,028,186
Authorized but not expended . . . .	\$ 3,600,000	\$ 330,000
Working capital at end of year . . . .	\$25,764,701	\$22,890,460
Long-term debt . . . . .	\$25,000,000	\$25,000,000

## Employees

Number of employees at end of year .	2,141	2,347
Wages and salaries . . . . .	\$10,188,905	\$10,012,780
Cost of pension and other benefits . . .	\$ 828,767	\$ 781,418
Assets employed for each employee . .	\$ 32,961	\$ 29,777

## Shareholders

Number of shareholders at end of year .	19,862	20,171
Number of shares outstanding . . . .	2,636,878	2,636,878
Shareholders' equity . . . . .	\$37,462,390	\$37,430,926
Per share of stock outstanding . . .	\$14.21	\$14.20



J. Albert Woods

## *The President's Letter*

### *To Our Shareholders:*

A significant increase in unit sales was required in 1954 to attain a dollar volume and profit comparable to the preceding year. Price reductions from intensified competitive conditions in biochemicals cut sharply into over-all sales and profits, but full benefit was reflected from the Company's expanded position in petrochemicals. Substantial progress was made in lessening dependence on unsatisfactory operations and in transferring emphasis toward the more profitable areas of our business.

### *Financial*

Net earnings for the year were \$2,668,342 or \$1.01 a share of common stock. This compares with \$2,656,394 or \$1.01 a share in 1953. Net sales were \$51,608,349 as compared with \$51,310,204 in 1953.

Dividends totaling \$2,636,878, or \$1.00 a share were paid on common stock during 1954. Working capital at the year's end was adequate.

Thermatomic Carbon Company, which Commercial Solvents manages and owns 65.3%, continued satisfactory operation during the year. Dividends received from Thermatomic amounted to \$339,752.

### *Operations*

The proportion of sales and earnings from petrochemical products continued to increase throughout the year. This reflects full production from the expanded facilities in nitrogen and methanol. Biochemical operations were affected during the year by an excess of industry capacity and by drastic price declines in some major products. This was partially balanced by an increase in physical volume in some areas but improvement must still be shown before results can be considered satisfactory.

Progress was made in reducing the level of inventories in all operations. At year end, total inventories

amounted to \$11,658,000, a reduction of \$1,512,000 from the previous year.

### **PETROCHEMICALS**

Agricultural chemicals sales made important gains during 1954. The expanded Sterlington facilities afforded increased quantities of ammonia and crystalline ammonium nitrate, which CSC makes by its own patented process. The three basic, low-cost, nitrogen-bearing plant foods offered by CSC—anhydrous ammonia, nitrogen solutions and solid ammonium nitrate—experienced steady demand and a profitable market in both agriculture and industry. To further extend its basic position in nitrogen for agriculture, Commercial Solvents started production of aqua ammonia during 1954. It can be anticipated that competition will increase in the nitrogen plant foods market during 1955 as supply balances demand. The buyer will be able to select the form of nitrogen he prefers. Your Company's production, distribution and sale of four basic nitrogen products will serve to assure its future stability in this business area. Agricultural pesticides continued as a minor item of sales and profit.

Industrial chemicals unit sales volume advanced in all major areas. Increased quantities of methanol and derivatives available from new facilities enhanced the contribution of this basic chemical to profits. Methylamine sales rose during 1954. Expanded production made it possible to market increased quantities of industrial anhydrous ammonia. The manufacture and sales of nitroparaffins and derivatives continued brisk throughout the year with emphasis on market development for the major expansion of NP facilities due for completion during 1955.

CSC's sales of automotive antifreeze increased during 1954. These gains were partially offset early in the year by an industry-wide price reduction on permanent-type antifreeze. In general, antifreeze prices

were unstable throughout the year and the competitive situation was acute. National advertising, coupled with concentrated campaigns in areas of best distribution, helped to maintain product acceptance of CSC's brand name Peak and Nor'way antifreeze. The Nor'way line of automotive specialties for fuel systems and radiators showed improvement, although continuing to be a minor contributor to Company sales. These products assure year-round contact with automotive dealers and keep our brand names before the public.

#### BIOCHEMICALS

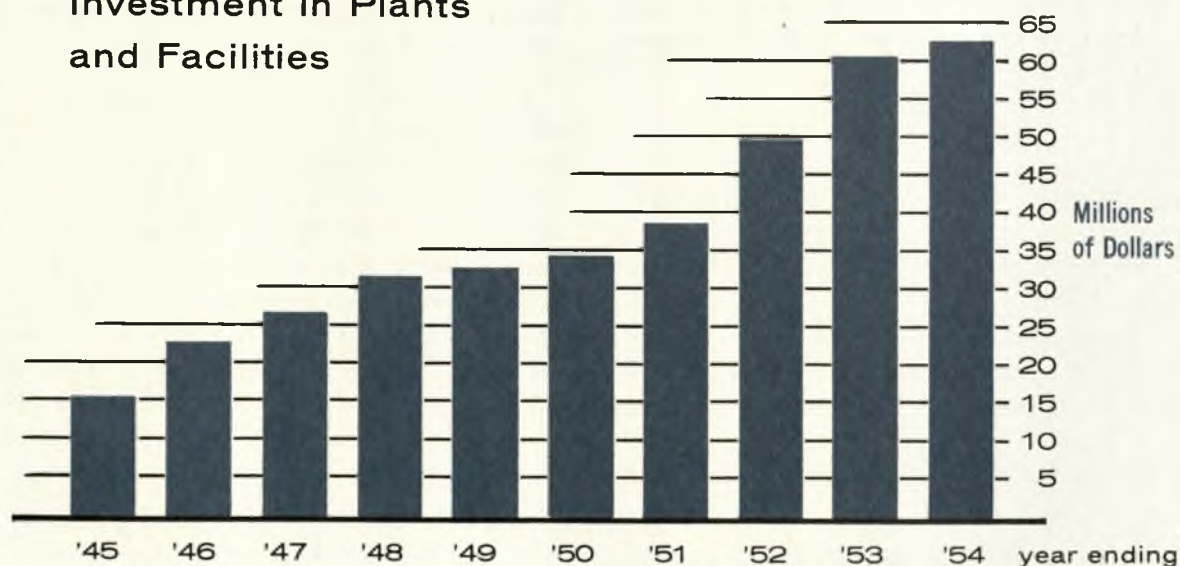
In 1954 your Company completed an orderly transition in its pharmaceutical operations to become a bulk supplier to the drug trade of antibiotics and fine chemicals. By ceasing production of the limited line of CSC brand name pharmaceuticals, our competitive position has been strengthened, allowing concentration of sales efforts upon bulk business which is more

directly allied to the Company's major areas of interest. 1954 pharmaceutical sales were not profitable due to a sharp drop in the market price of penicillin. Lower-cost production processes sustained the Company's competitive position but did not offset the price decline. Bacitracin continued to experience a moderate increase in medical acceptance. Vitamin products also had better sales than in the preceding year.

Animal nutrition unit sales were higher in 1954 but dollar volume was lower due to price reductions. During the last quarter, sales of antibiotics in feeds improved as a result of CSC's program for high-level antibiotic feeding. Penline 200 was introduced to meet the demand for a low-cost feed supplement with high antibiotic levels. The custom manufacture of supplements to feed manufacturers' specifications continued to increase throughout 1954.

Potable Spirits sales experienced substantial price reductions resulting from excess industry-wide capacity

### Investment in Plants and Facilities



not met by compensating consumer sales. Rackhouse operations were profitable but continued as a minor contributor to earnings.

#### EXPORT

Export operations were expanded through licensing agreements and the franchising of active distributors abroad. CSC products are now sold throughout most of the free world. Emphasizing the Company's shift in position, approximately half of exports are petrochemicals. Mexico, the Caribbean, and South America were the principal areas of CSC export business during 1954. Europe continued to be a growing market for the licensed manufacture of CSC products.

### *Employee & Community Relations*

As individuals and as a group, employees made outstanding contributions during 1954 in production, safety and community relations. No operating time was lost at any plant due to labor difficulties of any kind. Employee efficiency continued to be excellent. Two plants received awards for outstanding safety achievement from the Manufacturing Chemists' Association.

Employees continued to strengthen the Company's plant community relations by participating in worthwhile activities, including school boards, service clubs and parent-teacher associations, to name a few. An active program of employee social and recreational events was carried on throughout the year. During 1954, the hospitalization and surgical plans of our group sickness and accident programs were broadened.

### *Directorate & Management*

Mr. Thomas S. Carswell, Vice President, Biochemicals Division, was elected to the Board of Directors on May 24, 1954.

Mr. Sydney T. Ellis, Administrative Vice President, was named Executive Vice President of the Company on November 29, 1954. He continues as a director.

Mr. W. Ward Jackson was named Vice President in charge of the Petrochemicals Division on April 26,

1954. He was formerly General Manager of the Company's industrial chemicals sales.

### *Development Program*

The new facilities for manufacturing nitroparaffins and their derivatives will come into production during the third quarter of 1955. CSC pioneered and developed the nitroparaffins to commercial usefulness. The versatility of this vast chemical family affords your Company many opportunities for creating and exploiting new products entering a diversity of markets. The current expansion from limited production levels is an initial step in creating a broad new area of Company business.

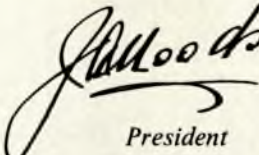
The Company's position in the methanol market presents an important opportunity for profitable development. During 1955 we will continue a long-term program for the conversion of methanol to derivatives which will serve a larger portion of the industrial market.

During the year, other companies have been granted licenses under patents held by CSC for the production of crystalline ammonium nitrate. Studies are under way to extend our patented processes to the manufacture of a wide range of nitrogen fertilizers.

Further development and extension of the Company's basic position in the animal feeds market is expected of continuing nutritional research at our laboratories and farms.

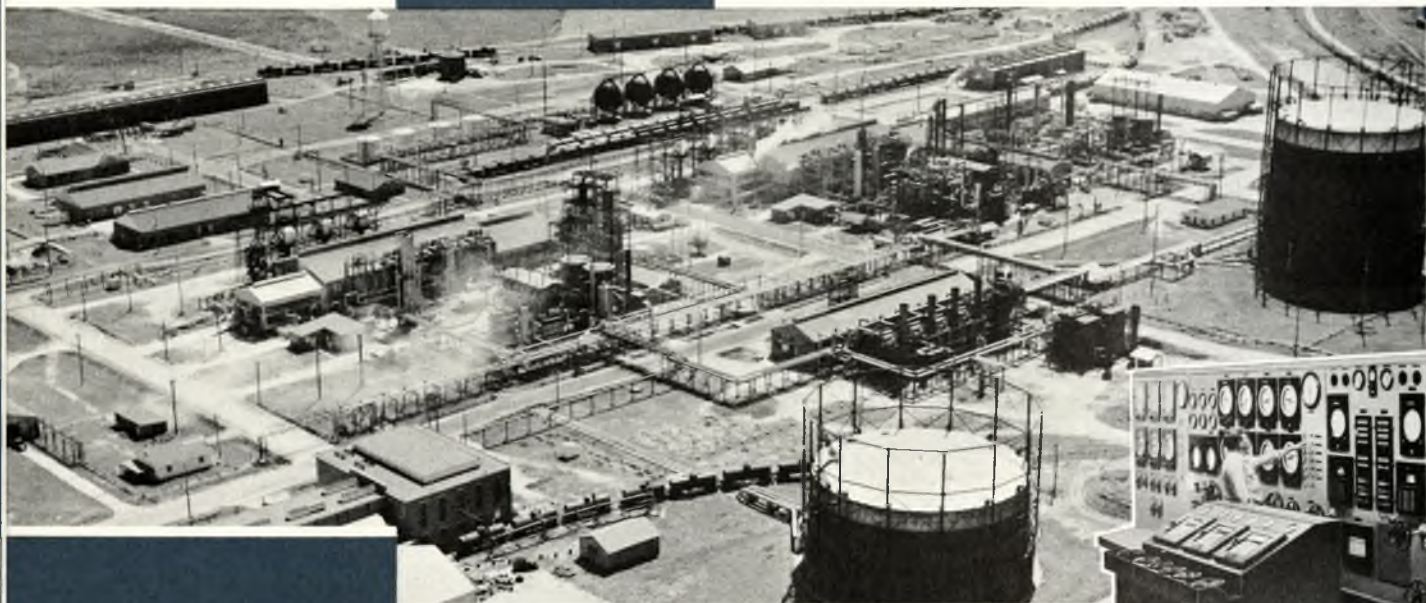
Cycloserine, a new antibiotic discovered previously by the Terre Haute research laboratories of Commercial Solvents, was brought to intensive clinical evaluation. At the year end, this new drug had shown promise in the treatment of tuberculosis and genito-urinary infections, but additional clinical work will be necessary before a decision can be made as to whether we have a marketable drug.

Your management appreciates the continued loyalty of the Company's shareholders and employees, whose cooperation has materially aided Company progress. With such support, we look forward to a year of substantial attainment in 1955.



President

FEBRUARY 28, 1955



Methanol and ammonia units at Sterlington, Louisiana. The plant operated at capacity during the year.



Central control panel and console.

## INDUSTRIAL CHEMICAL Products

### ALCOHOLS

Methanol  
Ethyl Alcohol  
Butanol

### NITROGEN COMPOUNDS

Ammonia  
Methylamines  
Nitroparaffins  
Aminohydroxy Compounds  
Hydroxylamine Salts  
Benzyltrimethyl-  
ammonium Chloride  
Alkatarges

### ESTERS

Amyl Acetate  
Butyl Acetate  
Butyl Lactate  
Dibutyl Phthalate  
Ethyl Acetate  
Tributyl Phosphate

### OTHER CHEMICALS

Acetone  
Formaldehyde  
Pentaerythritol



Barges leaving Sterlington dock for CSC Harvey terminal loaded with 500,000 gallons of methanol.

At CSC Agnew, California plant large quantities of formaldehyde were shipped to customers in tank trucks.

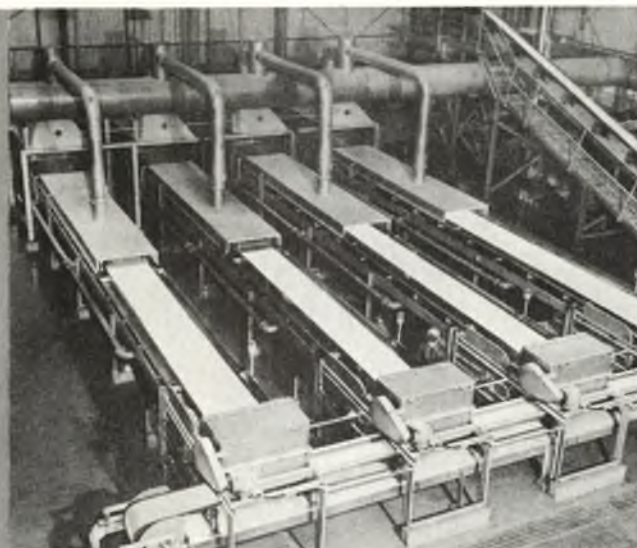


Photograph taken in December of 1954 shows progress in construction of new nitroparaffins plant to be completed at Sterlington during the third quarter of 1955.

Present nitroparaffin derivatives facilities at Peoria plant are being expanded.



# CHEMICALS



Crystalline ammonium nitrate is produced by the exclusive CSC (Stengel) process.

Initial output of CSC Ammonium Nitrate Fertilizer reached the farmer during 1954. Reports direct from the field indicate a very favorable reaction by users of this free-flowing, crystalline product.



## AGRICULTURAL CHEMICAL Products

### NITROGEN PLANT FOODS

Anhydrous Ammonia  
Aqua Ammonia  
Nitrogen Solutions  
Ammonium Nitrate  
(Crystalline)

### PESTICIDES

Benzene Hexachloride  
Dilan®  
Ethyl Formate  
Metaldehyde



## AUTOMOTIVE SPECIALTIES Products

### ANTI-FREEZE

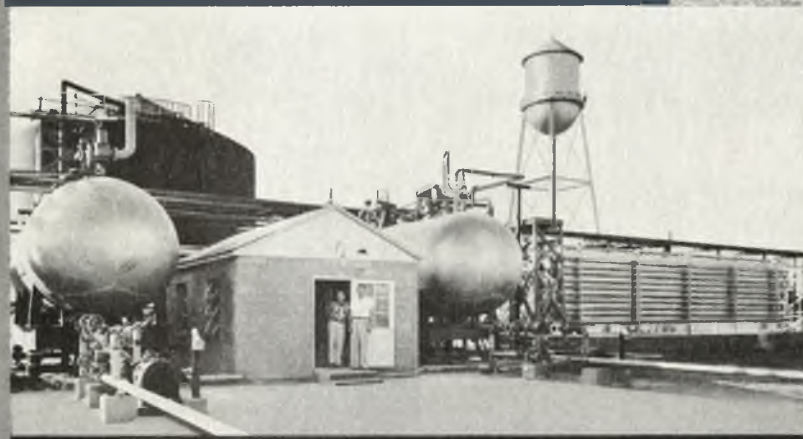
PEAK®  
(Ethylene glycol type)  
NOR'WAY®  
(Methanol type)

### COOLING SYSTEM CHEMICALS

NOR'WAY® Cleaner  
NOR'WAY® Quick Flush  
NOR'WAY® Stop Leak  
NOR'WAY® Anti-Rust

### OTHER PRODUCTS

NOR'WAY Dry-Ex®  
NOR'WAY® Car Wash  
NOR'WAY® Windshield Fluid  
NOR'WAY® Penetrating Oil  
Quixol®



Equipment installed during 1954 at the Sterling plant for the production of aqua ammonia. Barge shipments of aqua ammonia are being made from Sterling through the CSC Terminal at Harvey, Louisiana (New Orleans).



PEAK Anti-Freeze (ethylene glycol type) was packaged in increased quantities at both the Terre Haute and Sterling plants. NOR'WAY Anti-Freeze (methanol type) is also formulated at these installations.



A scene from the new color motion picture "Your Moving Targets" produced by CSC for showing to automotive jobbers and dealers.

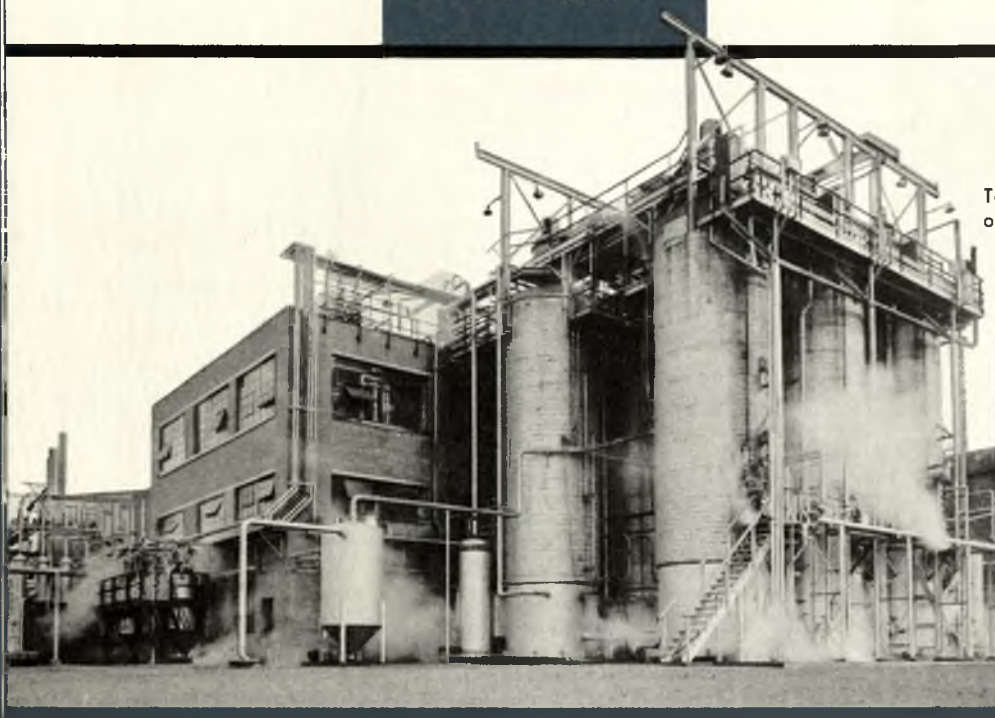
GENERAL

1954

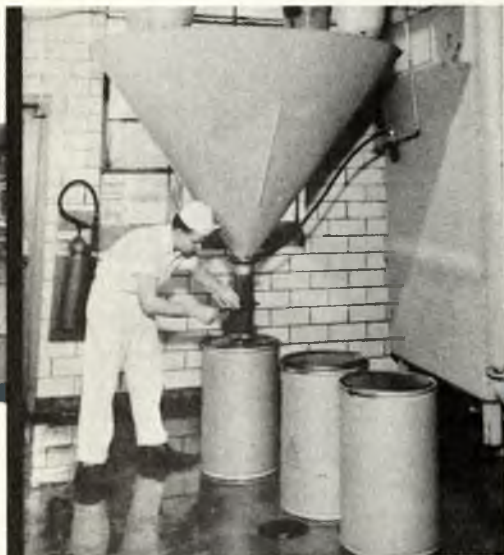
REVIEW



BIOCHE



Terre Haute plant for production of the antibiotic—bacitracin.



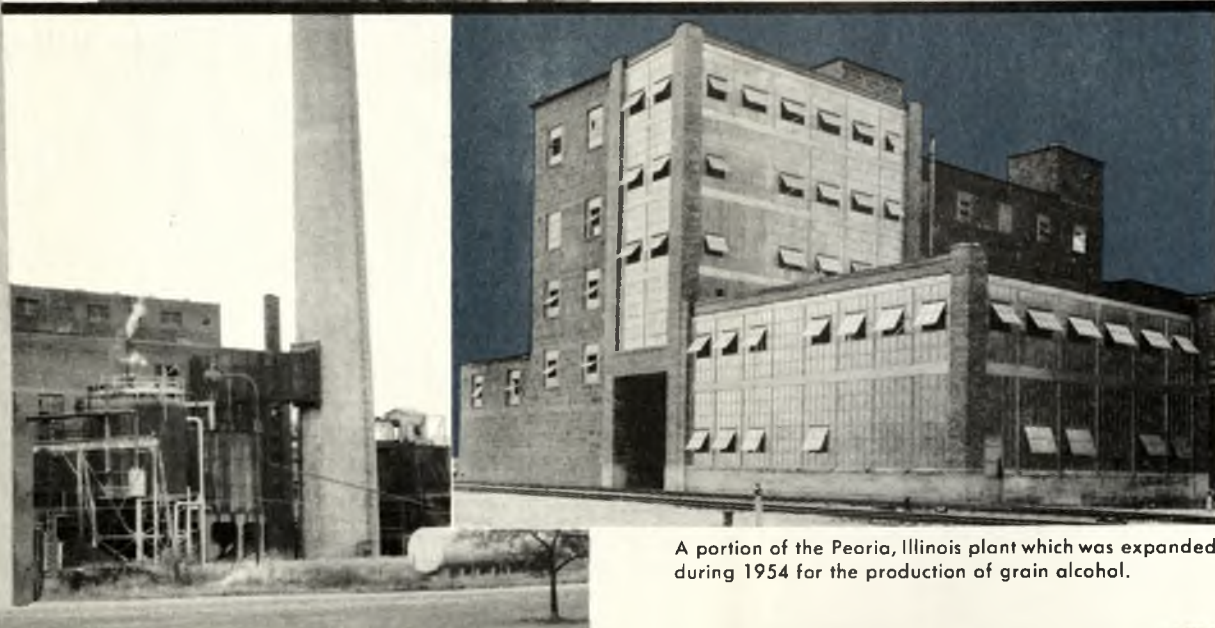
Zinc bacitracin as it comes from the spray driers. This new product was introduced in 1954 and has become widely used in oral pharmaceutical preparations.



Note size of man in circle. This is one of the powerhouse stacks at the CSC Peoria plant which was reconditioned during the year.



Checking storage of whiskey in one of rackhouses at Terre Haute. Total capacity of rackhouses is 15,000,000 gallons.



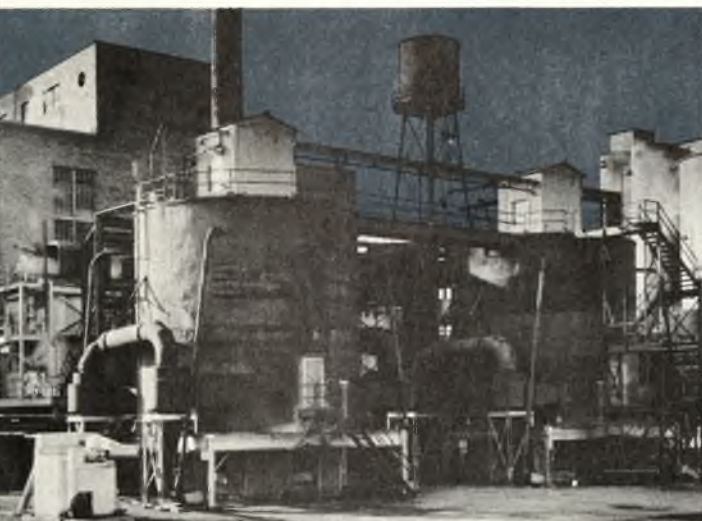
A portion of the Peoria, Illinois plant which was expanded during 1954 for the production of grain alcohol.

# M I C A L S



Penline-200, a new product for high-level feeding, was developed in the CSC Animal Nutrition Laboratories.

Test Flock at a CSC experimental farm near Terre Haute where new products are first evaluated. High-level feeding of antibiotics is used to combat non-specific respiratory diseases in poultry.



Spray driers at Peoria feed plant handled increased demand for B-Y products.

Loading a car with B-Y, showing new bag design for this product. Bags for the entire line of animal nutrition products were redesigned in 1954 to aid customers in identifying products and potencies.



Tanker loading at CSC's Harvey, Louisiana dock on the Mississippi river. Ships sail to other U.S. and foreign ports.



Pharmaceuticals being shipped by air.



## PHARMACEUTICALS

Bacitracin  
Penicillin  
Choline  
Riboflavin



## ANIMAL NUTRITION Products

B-Y® Fermentation Solubles  
Riboflavin Supplements  
Antibiotic Supplements  
Multi-Vitamin Supplements  
Choline Chloride Supplements  
Vitamin B<sub>12</sub> Supplements



## POTABLE SPIRITS

Neutral Spirits  
Whiskeys  
Rackhouse Barrel Storage



## EXPORT

Pharmaceuticals  
Industrial Chemicals  
Agricultural Chemicals  
Animal Nutrition Products  
Automotive Specialties



## *Research, Development and Engineering*

Research, during 1954, brought Cycloserine, a new antibiotic discovered previously in the laboratories of our Terre Haute, Indiana research center, to intensive clinical evaluation. Modifications in our patented method for making crystalline ammonium nitrate have resulted in lower production costs. The development of high level antibiotic feeding for poultry led to full scale marketing programs during the last quarter.

The development department during the year devoted its attention to study and appraisal of the Company's technological position and formulation of plans for expansion and diversification of the business. It addressed itself to current as well as new fields of interest.

The largest engineering and construction job undertaken by the Corporation during 1954 was the nitroparaffins expansion at Sterlington. The engineering and construction supervision for it was handled by CSC's Engineering Department. In addition, the group supplied engineering information in support of various proposed expansion programs and continued to study ways to improve existing physical plant.



Mass spectrometer used in development work on nitroparaffins.



## *Employees*



CSC employees worked more manhours with less frequency of accidents in 1954 than ever before. The rate of accidents per million manhours worked has been improving steadily since 1951, with an all time Company record of 3.29 set during the past year.

Employees at all plants participated actively in Chemical Progress Week, an industry-wide event which was started in 1954. CSC people addressed luncheon groups, conducted plant tours, appeared on radio and television programs and were quoted in the press on the contribution of our industry to national progress.

Young people in CSC plant communities were given much attention by our employees. This included sponsorship of small business ventures conducted by high school students in the National Junior Achievement program. At Terre Haute, a baseball training school for 14 year olds was conducted by employees during the summer months using plant recreational facilities. Plant tours for high school and college groups were a continuing effort throughout the year.

Sports and social activities for employees were varied and well attended. The Terre Haute plant basketball team won the city championship and shared Western Indiana honors. Banquets honoring 20 year employees were held at all major plants. The annual luncheons for retired employees were popular events.

The trend of young men and women joining their parents as CSC employees increased during 1954.

Retirement plans, employee operated credit organizations, and group insurance, sickness, accident and hospitalization plans are among the benefits available to CSC employees.



# COMMERCIAL SOLVENTS

## Consolidated Financial Position

	December 31,	
	1954	1953
<b>CURRENT ASSETS</b>		
Cash . . . . .	\$11,026,033	\$ 7,323,530
U. S. Government securities, at cost . . . . .	1,254,544	100,000
Accounts and notes receivable (less allowance for doubtful accounts) . . . . .	8,507,418	8,756,368
Inventories, at the lower of average cost or market		
Finished products and materials in process . . . . .	7,389,944	9,054,596
Raw materials and supplies . . . . .	4,268,547	4,116,379*
Total Current Assets . . . . .	<u>32,446,486</u>	<u>29,350,873</u>
<b>LESS CURRENT LIABILITIES</b>		
Accounts payable . . . . .	3,323,349	1,613,357
Accrued Federal income taxes . . . . .	1,388,376	2,864,140
Other accrued liabilities . . . . .	1,970,060	1,982,916
Total Current Liabilities . . . . .	<u>6,681,785</u>	<u>6,460,413</u>
<b>WORKING CAPITAL</b> . . . . .	<u>25,764,701</u>	<u>22,890,460</u>
<b>NON-CURRENT ACCOUNT RECEIVABLE</b> . . . . .	<u>150,000</u>	<u>300,000</u>
<b>INVESTMENT IN THERMATOMIC CARBON COMPANY</b> . . . . .	<u>335,717</u>	<u>166,972</u>
<b>FIXED ASSETS</b>		
Land, buildings and equipment, at cost . . . . .	62,397,354	60,667,991
Less accumulated depreciation, amortization and obsolescence . . . . .	26,671,504	22,273,395
Net Fixed Assets . . . . .	<u>35,725,850</u>	<u>38,394,596</u>
<b>GOODWILL AND PATENTS</b> . . . . .	<u>1</u>	<u>1</u>
<b>DEFERRED CHARGES</b> . . . . .	<u>1,910,921</u>	<u>1,674,897*</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b> . . . . .	<u>63,887,190</u>	<u>63,426,926</u>
<b>LESS LONG-TERM DEBT AND DEFERRED ITEMS</b>		
3¾% Notes payable . . . . .	25,000,000	25,000,000
Deferred income . . . . .	300,000	600,000
Deferred Federal income taxes . . . . .	1,124,800	396,000
<b>SHAREHOLDERS' EQUITY</b> . . . . .	<u>\$37,462,390</u>	<u>\$37,430,926</u>
<b>SOURCE OF SHAREHOLDERS' EQUITY</b>		
Common stock—no par value		
Authorized—3,000,000 shares		
Issued —2,636,878 shares . . . . .	\$ 6,593,452	\$ 6,593,452
Additional paid-in capital . . . . .	4,325,514	4,325,514
Earnings retained in business . . . . .	26,543,424	26,511,960
	<u>\$37,462,390</u>	<u>\$37,430,926</u>

\*Adjusted to include in current assets operating supplies inventories previously included in deferred charges.

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS



## Consolidated Earnings and Summary of Earnings Retained in Business

	Year Ended December 31,	
	1954	1953
OPERATING INCOME		
Net sales . . . . .	\$51,608,349	\$51,310,204
Other operating income . . . . .	255,852	272,767
	<u>51,864,201</u>	<u>51,582,971</u>
OPERATING COSTS AND EXPENSES		
Cost of sales . . . . .	36,189,604	36,420,778
Selling, research and administrative expenses . . . . .	7,234,299	7,034,531
Depreciation and amortization (see Extraordinary Items) . . . . .	3,364,891	2,893,838
	<u>46,788,794</u>	<u>46,349,147</u>
EARNINGS FROM OPERATIONS . . . . .	5,075,407	5,233,824
OTHER INCOME		
Dividends and other income received from Thermatomic Carbon Company . . . . .	399,752	399,752
Miscellaneous income—net . . . . .	473,662	304,099
	<u>5,948,821</u>	<u>5,937,675</u>
INTEREST ON BORROWINGS . . . . .	<u>937,500</u>	<u>955,781</u>
EARNINGS BEFORE FEDERAL INCOME TAXES AND EXTRAORDINARY ITEMS	5,011,321	4,981,894
FEDERAL INCOME TAXES (including deferred taxes—see notes) . . . . .	<u>2,314,500</u>	<u>2,325,500</u>
EARNINGS BEFORE EXTRAORDINARY ITEMS . . . . .	2,696,821	2,656,394
EXTRAORDINARY ITEMS—NET (see notes) . . . . .	<u>28,479</u>	<u>—</u>
NET EARNINGS FOR YEAR (\$1.01 per share each year) . . . . .	2,668,342	2,656,394
EARNINGS RETAINED IN BUSINESS AT BEGINNING OF YEAR . . . . .	26,511,960	26,492,444
	<u>29,180,302</u>	<u>29,148,838</u>
Dividends paid (\$1.00 per share each year) . . . . .	<u>2,636,878</u>	<u>2,636,878</u>
EARNINGS RETAINED IN BUSINESS AT END OF YEAR . . . . .	<u>\$26,543,424</u>	<u>\$26,511,960</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

# Notes to Financial Statements

## Investment in Thermatomic Carbon Company

The investment in Thermatomic Carbon Company, controlled company not consolidated, was restated in 1954 to cost by reversal of a reserve of \$168,745 previously carried against said investment. The Corporation's 65.3% equity in the net assets of said Company at December 31, 1954 exceeds the cost of the investment therein by \$748,072. The excess of equity in earnings of said Company over dividends received amounted to \$8,509 in 1954 and \$400 in 1953.

## Long-Term Debt

Notes under the loan agreements entered into with insurance companies are payable in approximately equal annual installments during the period 1957 through 1972. The loan agreements provide, among other things, that the Corporation may not declare any dividend, other than stock dividends, in excess of consolidated earnings (as defined in the agreements) subsequent to December 31, 1950, plus \$2,500,000. The agreements also require that the declaration of such dividends will not reduce the consolidated working capital to an amount less than \$15,000,000. At December 31, 1954 \$3,932,704 of the consolidated retained earnings was free of such restrictions.

## Stock Options

At December 31, 1954 certain key executive employees held options on 50,000 shares of common stock, exercisable at any time on or before December 31, 1957. The option price is \$21 per share which was the approximate market value of the stock when the options were granted.

## Price Redetermination and Renegotiation

Certain of the Corporation's sales since January 1, 1952 are

subject to price redetermination and renegotiation by the U.S. Government. The amounts which will be payable are not presently determinable but may be substantial in respect of 1952 and 1953. Provisions for estimated refunds were made in the accounts in these years in amounts which the Corporation considers adequate.

## Deferred Federal Income Taxes

The Corporation has obtained Certificates of Necessity from the U.S. Government with respect to the principal plant facilities acquired in 1950 and subsequent years and is amortizing the certified portion of the cost of these facilities over five-year periods for Federal income tax purposes. Normal depreciation on the certified portion of certain of these facilities is being charged against earnings. The excess of the tax amortization over normal depreciation results in temporary tax reductions amounting to \$728,800 in 1954 and \$330,000 in 1953 which have been charged against earnings and credited to Deferred Federal income taxes. The amount so deferred will be taken into earnings over the remaining estimated useful lives of the facilities commencing upon expiration of the five-year periods.

## Extraordinary Items—Net

Extraordinary items—net consist of the following:	
Provision for obsolescence of Dextran plant facilities, less Federal income tax reduction of \$603,600 applicable thereto . . . . .	\$557,224
Adjustment of provision for Federal income taxes for years 1943-1948 . . . . .	360,000
Restatement of investment in Thermatomic Carbon Company to cost . . . . .	168,745
Net charge against earnings for year . . . . .	<u>\$ 28,479</u>

## Auditors' Report

ARTHUR YOUNG & COMPANY  
ACCOUNTANTS AND AUDITORS  
165 BROADWAY  
NEW YORK 6, N. Y.

February 4, 1955

The Board of Directors,  
Commercial Solvents Corporation

We have examined the statement of consolidated financial position of Commercial Solvents Corporation and Subsidiary at December 31, 1954 and the related statement of consolidated earnings and summary of earnings retained in business for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, subject to such adjustment as may result from price redetermination and renegotiation (see notes to financial statements), the accompanying statements of consolidated financial position and of consolidated earnings and summary of earnings retained in business present fairly the financial position of Commercial Solvents Corporation and Subsidiary at December 31, 1954 and the results of their operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

ARTHUR YOUNG & COMPANY

# Commercial Solvents Corporation

## Ten-Year Financial Summary

(AMOUNTS EXPRESSED IN THOUSANDS)

### EARNINGS DATA

Year	Net Sales	Depreciation and Amortization	EARNINGS		EARNINGS PER SHARE		Dividends Paid Per Share
			Before Taxes	After Taxes	Before Taxes	After Taxes	
1945	\$42,796	\$ 1,290	\$ 6,914	\$ 2,033	\$ 2.62	\$ .77	\$ .75
1946	44,903	399	9,032	5,720	3.43	2.17	1.00
1947	58,876	869	14,303	9,068	5.42	3.44	1.50
1948	45,062	1,183	8,542	5,543	3.24	2.10	1.50
1949	36,364	1,250	4,924	3,364	1.87	1.28	1.50
1950	49,095	1,420	8,486	5,178	3.22	1.96	1.25
1951	61,172	1,614	11,308	5,843	4.29	2.22	1.25
1952	50,279	2,174	2,315	1,368 (a)	.88	.52 (a)	1.00
1953	51,310	2,894	4,982	2,657	1.89	1.01	1.00
1954	51,608	3,365 (b)	5,011 (c)	2,668 (d)	1.90 (c)	1.01 (d)	1.00

(a) Exclusive of special income credit-net (principally excess profits tax settlement) \$1,107,000—\$.42 per share of stock.

(b) Exclusive of \$1,161,000 provision for obsolescence of Dextran plant.

(c) Before taxes and extraordinary items.

(d) After taxes and extraordinary items.

### FINANCIAL POSITION DATA

Dec. 31	WORKING CAPITAL				PLANT AND EQUIPMENT			Shareholders' Equity
	Total Assets	Current Assets (e)	Current Liabilities	Working Capital	Cost	Accumulated Reserves	Long Term Debt	
1945	\$26,669	\$21,616	\$2,266	\$19,350	\$15,350	\$11,901	\$ —	\$23,618
1946	31,573	19,963	4,229	15,734	22,378	12,233	—	26,701
1947	37,554	21,608	5,265	16,343	26,709	12,861	—	31,658
1948	39,882	18,358	3,892	14,466	31,531	13,898	—	33,246
1949	38,687	18,228	3,577	14,651	32,624	14,789	—	32,655
1950	43,515	23,420	6,804	16,616	34,102	16,130	—	34,537
1951	57,824	34,271	9,051	25,220	38,644	17,661	10,000	37,573
1952	68,575	35,728	5,198	30,530	49,890	19,520	25,000	37,411
1953	69,887	29,351	6,460	22,891	60,668	22,273	25,000	37,431
1954	70,569	32,447	6,682	25,765	62,397	26,671	25,000	37,462

(e) Includes operating supplies inventories previously included in deferred charges.

## BOARD OF DIRECTORS

WILLIS H. BOOTH  
THOMAS S. CARSWELL  
HAROLD W. COMFORT  
SYDNEY T. ELLIS  
WILLIAM E. S. GRISWOLD, SR.  
HAROLD H. HELM\*  
AUSTIN S. IGLEHEART\*

ARTHUR B. LAWRENCE  
LEROY A. LINCOLN  
JEREMIAH MILBANK, JR.\*  
CARL S. MINER  
ERNEST W. REID  
HENRY V. B. SMITH\*  
MAYNARD C. WHEELER

J. ALBERT WOODS\*

\*Member of Executive Committee

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## OFFICERS

J. ALBERT WOODS  
*President*

SYDNEY T. ELLIS  
*Executive Vice President*

W. WARD JACKSON  
*Vice President, Petrochemicals Division*

THOMAS S. CARSWELL  
*Vice President, Biochemicals Division*

MAYNARD C. WHEELER  
*Vice President, Research,  
Development and Engineering*

HOWARD L. SANDERS  
*Vice President and Treasurer*

ANTHONY H. BRAUN  
*Controller*

ALEXANDER R. BERGEN  
*Secretary*

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### *Transfer Agent*

GUARANTY TRUST COMPANY  
of New York  
140 Broadway, New York 15, N. Y.

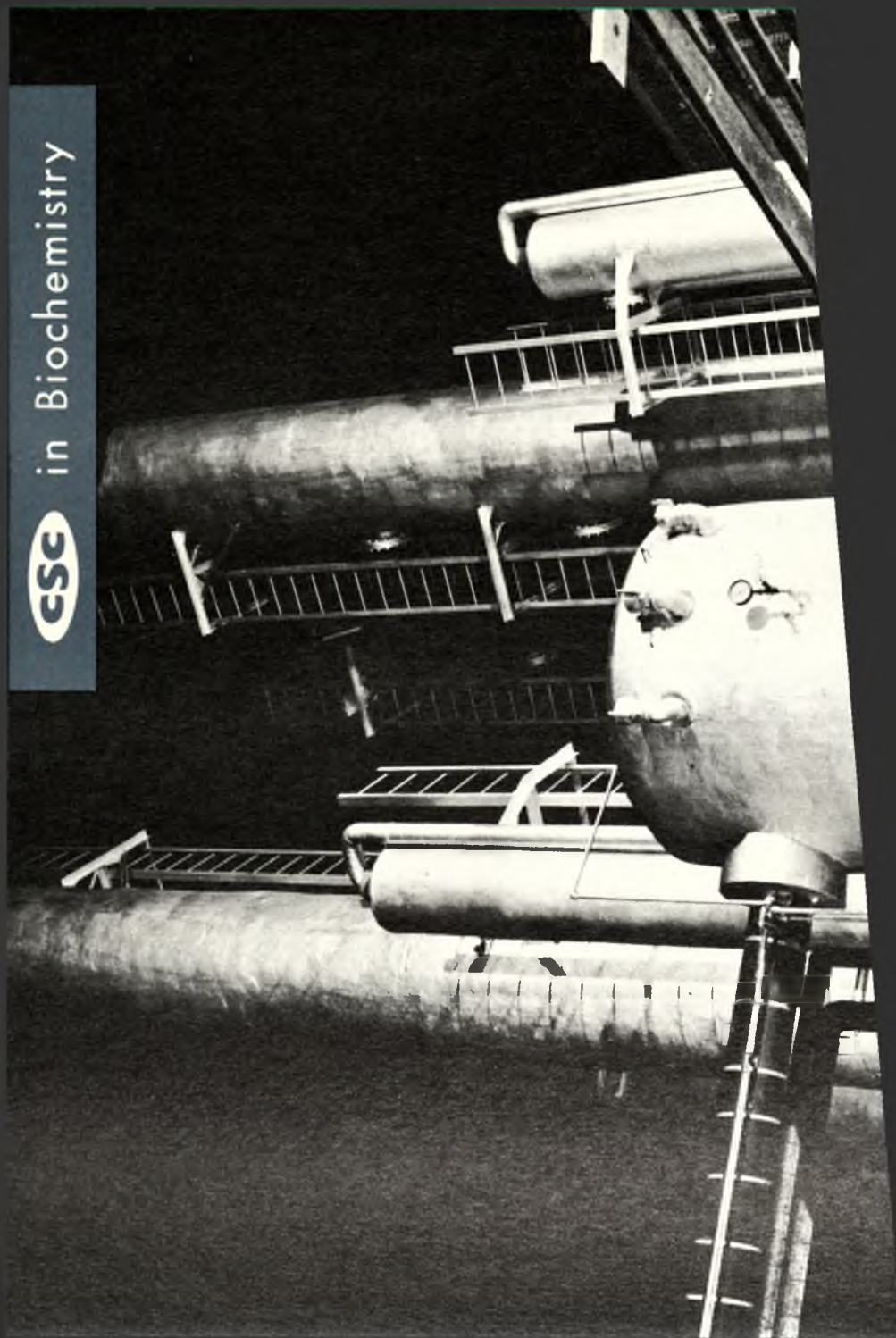
### *Registrar*

THE CHASE NATIONAL BANK  
of the City of New York  
11 Broad Street, New York 15, N. Y.

## *Annual Meeting*

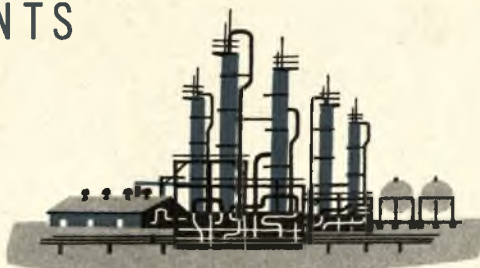
The annual meeting of shareholders will be held on April 7, 1955. A notice of the meeting, proxy statement and form of proxy will be sent to all shareholders shortly. It will assist the management in preparing for the meeting if shareholders who do not expect to attend the meeting in person will sign, date and return the proxy promptly.

**GSC** in Biochemistry





## PLANTS



Agnew, California	Sterlington, Louisiana
Carlstadt, New Jersey	Harvey, Louisiana
Newark, New Jersey	Peoria, Illinois
Terre Haute, Indiana	

## SALES OFFICES



## AGENTS



Agents in  
22 U. S. cities



Agents in 45  
Foreign Countries

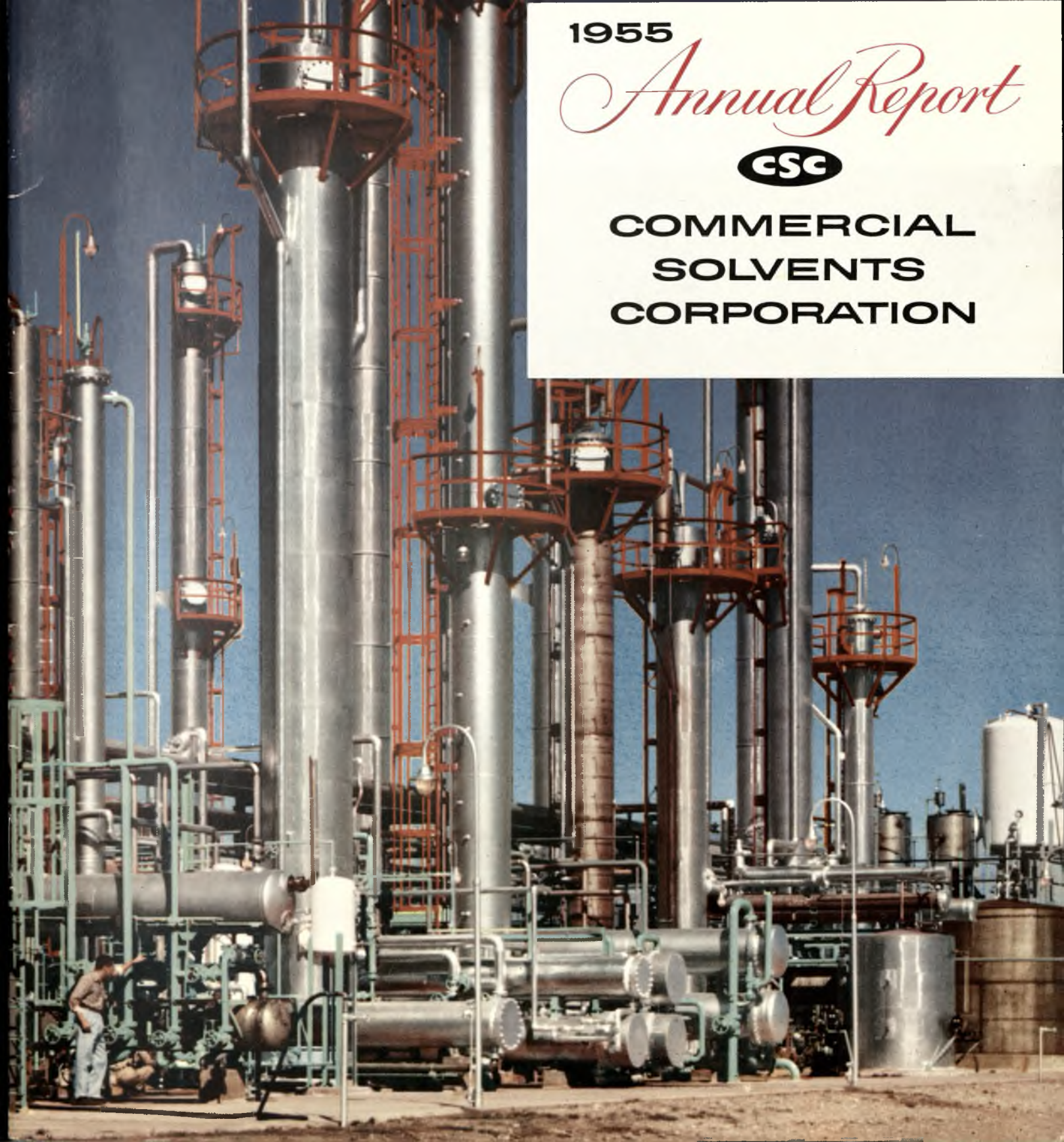
**CSC**

1955

*Annual Report*



**COMMERCIAL  
SOLVENTS  
CORPORATION**



FRONT COVER: First commercial plant for production of nitro-paraffins completed by Commercial Solvents Corporation in September, 1955. Plant is located at Sterlington, Louisiana and operates 24 hours per day—photograph below shows plant at night.



## *Contents*

1	Directors and Officers
2	Results at a Glance
3	The President's Letter
9	General Review for 1955
12	Consolidated Financial Position
13	Consolidated Earnings
14	Notes to Financial Statements
14	Auditors' Report
15	Ten-Year Financial Summary
16	Products and Plants

**36<sup>th</sup>**

# *Annual Report*

**1955**

**CSC**

**COMMERCIAL  
SOLVENTS  
CORPORATION**

**GENERAL OFFICES:**

**260 Madison Avenue  
New York 16, N.Y.**

## *Directors*

**J. ALBERT WOODS\***

**WILLIS H. BOOTH  
THOMAS S. CARSWELL  
HAROLD W. COMFORT  
SYDNEY T. ELLIS  
WILLIAM E. S. GRISWOLD, SR.  
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*\*Member of Executive Committee*

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Executive Vice President**

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Vice President**

**THOMAS S. CARSWELL  
Vice President**

**MAYNARD C. WHEELER  
Vice President**

**HOWARD L. SANDERS  
Vice President and Treasurer**

**JOHN A. UHL  
Controller**

**ALEXANDER R. BERGEN  
Secretary**

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**GUARANTY TRUST COMPANY  
140 Broadway, New York 15, N. Y.**

## *Registrar*

**THE CHASE MANHATTAN BANK  
11 Broad Street, New York 15, N. Y.**

## *Annual Meeting*

The annual meeting of shareholders will be held on April 5, 1956. A notice of the meeting, proxy statement and form of proxy will be sent to all shareholders shortly. It will assist the management in preparing for the meeting if shareholders who do not expect to attend the meeting in person will sign, date and return the proxy promptly.

# *Results at a Glance*

FOR THE YEAR ENDED DECEMBER 31

## *Financial and Operating*

	1955	1954
Net Sales . . . . .	<b>\$56,623,754</b>	\$51,608,349
Federal, State and other taxes . . . .	<b>\$ 3,106,677</b>	\$ 2,748,049
Net Earnings . . . . .	<b>\$ 3,451,813*</b>	\$ 2,668,342
Per share of stock . . . . .	<b>\$1.31*</b>	\$1.01
Dividends paid . . . . .	<b>\$ 2,636,878</b>	\$ 2,636,878
Per share of stock . . . . .	<b>\$1.00</b>	\$1.00
Land, buildings and equipment additions		
Expenditures during the year . . . .	<b>\$ 3,966,029</b>	\$ 1,897,278
Authorized but not expended . . . .	<b>\$ 258,000</b>	\$ 3,600,000
Working capital at end of year . . . .	<b>\$25,720,785</b>	\$25,614,701
Long-term debt . . . . .	<b>\$25,000,000</b>	\$25,000,000

\*Includes extraordinary net income of  
\$312,949, or \$.12 per share

## *Employees*

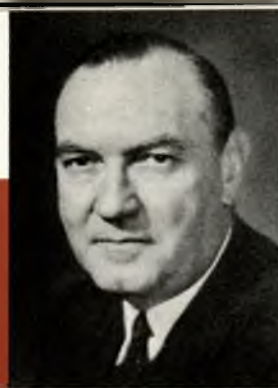
Number of employees at end of year . .	<b>1,993</b>	2,141
Wages and salaries . . . . .	<b>\$ 9,689,954</b>	\$10,188,905
Cost of pension and other benefits . .	<b>\$ 828,333</b>	\$ 828,767
Assets employed for each employee . .	<b>\$ 36,340</b>	\$ 32,961

## *Shareholders*

Number of shareholders at end of year .	<b>19,233</b>	19,862
Number of shares outstanding . . . .	<b>2,636,878</b>	2,636,878
Shareholders' equity . . . . .	<b>\$38,277,325</b>	\$37,462,390
Per share of stock outstanding . . . .	<b>\$14.52</b>	\$14.21

# The President's Letter

J. Albert Woods



## TO OUR SHAREHOLDERS:

The Company's sales, earnings and basis for profitable growth improved during 1955. Our continuing program of emphasis on products and markets offering higher margins and improved returns produced tangible results. Progress in eliminating unprofitable areas of business and a generally healthy economic climate assisted our sales departments in meeting a wide range of contrasting market conditions. The breadth of industrial and agricultural activity served by our chemical products has helped to stabilize our position and lessen the effects of fluctuations in any particular market. All divisions contributed to the Company's improved position.

## FINANCIAL

Net earnings for the year were \$3,451,813 or \$1.31 per share of common stock. This compares with \$2,668,342 or \$1.01 per share in 1954. Net sales for 1955 were \$56,623,754, as compared with \$51,608,349 for 1954.

Dividends totaling \$2,636,878, or \$1.00 per share were paid on common stock during 1955. Working capital at the year's end was adequate.

## OPERATIONS

Increased sales of profitable items, process improvements which lowered production costs, and continuous operation of major plant facilities tended to offset adverse conditions present in some markets. Petrochemical products continued as the major area of sales and profits. Biochemicals results were materially improved during the year as the result of stringent operational economies, a more aggressive sales policy and a redirection of certain areas of this business.

Inventories at the year end amounted to \$12,908,336 as compared to \$11,658,491 for 1954. This increase is in line with our expanded sales volume.

## Industrial Chemicals

The Company's long term growth potential was enhanced by the completion of expanded nitroparaffins production facilities in September,

1955 at Sterlington, Louisiana. Startup of the plant, a joint responsibility of engineering and production personnel, was achieved in record time. This new family of chemicals have been brought to levels of commercial usefulness by CSC after years of research and development. Present output of the new facilities are four basic nitroparaffins and six derivatives, each having a wide range of chemical applications throughout industry.

Industrial Chemicals sales and profits generally continued at high levels throughout 1955. Prices remained reasonably firm in the face of increasing competition.

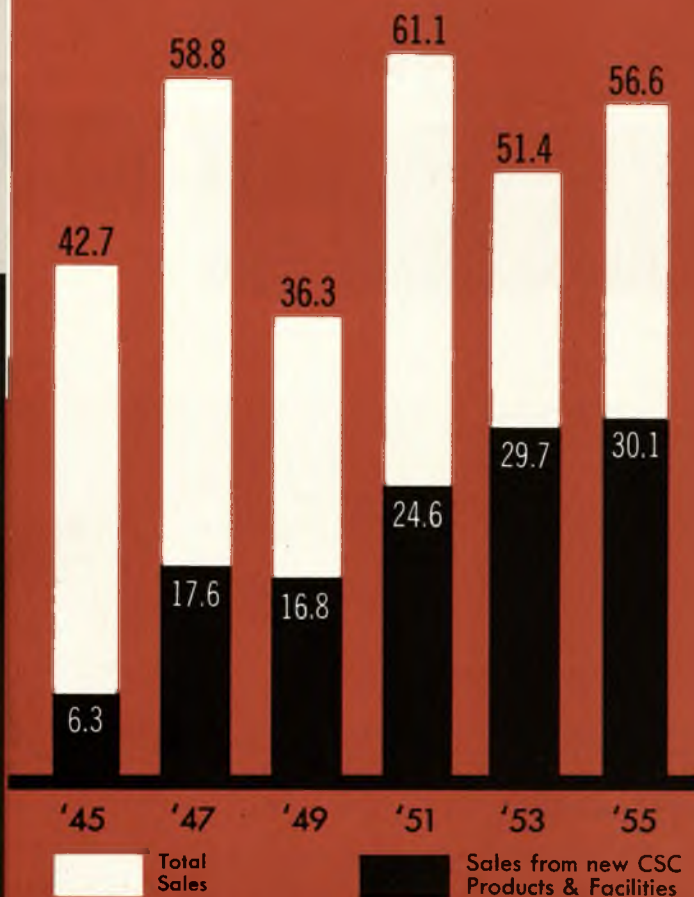
Sales of methanol were a major contributor to industrial chemicals profits. The increased methanol volume from our expanded Sterlington facilities places CSC among the larger producers of this product. Progress was made in our long-term program for conversion of methanol to more profitable derivatives such as formaldehyde, methylamines and certain nitroparaffins.

Methylamines sales rose again in 1955. Used principally as a chemical raw material, these products continued to find their widest acceptance in the dyestuffs, detergents, pesticides and rubber chemicals industries.

Commercial Solvents now supplies a substantial part of formaldehyde consumption on the west coast. Sales for resins used in the plastics and plywood industries kept formaldehyde facilities at our Agnew, California plant operating at capacity. New equipment increasing this production began operation in December. Facilities are also under construction at Sterlington for production of formaldehyde in connection with end uses in nitroparaffins.

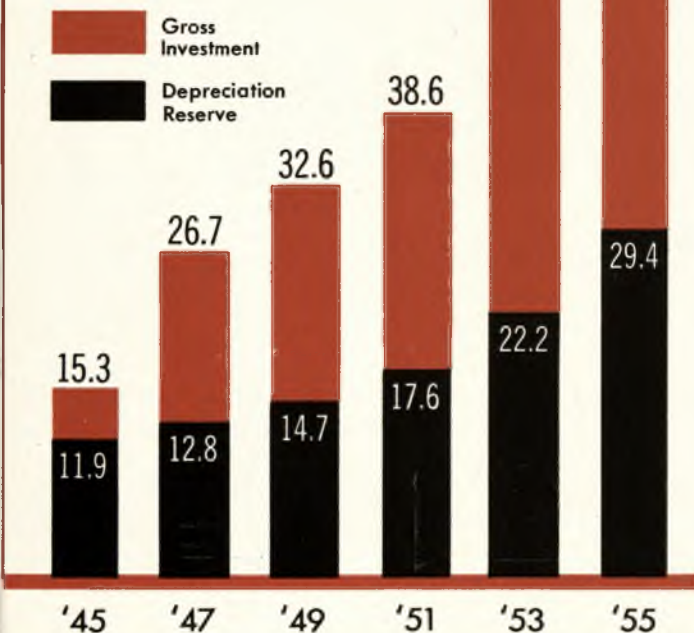
Intensified sales efforts helped to enlarge the Company's share of the industrial ammonia market. This compensated somewhat for the oversupply conditions prevalent in agricultural nitrogen. Butanol, acetone, ethyl alcohol and their derivatives continued to sell in volume to a broad customer list.

MILLIONS OF DOLLARS



## Investment in Plants and Facilities

(Millions of Dollars)



During the year obsolete and non-productive plant facilities at Carlstadt, New Jersey and Westwego, Louisiana were sold.

## Agricultural Chemicals

The Agricultural Chemicals market, in which CSC occupies a basic position in the production of nitrogen-bearing fertilizers, continued to grow. The American farmer's consumption of nitrogen products increased to reach an all-time high. The industry's capacity for producing nitrogen fertilizer expanded more rapidly than the market so that in 1955, for the first time, an agricultural nitrogen surplus existed. While prices remained relatively stable, sharply increased competition has tended to raise the costs of marketing and distribution.

The four low cost forms of nitrogen which CSC offers its agricultural customers enabled the Company to maintain its position in the market. Following an industry-wide trend, greater quantities of anhydrous ammonia were converted and marketed as aqua ammonia, nitrogen solutions and solid ammonium nitrate.

## Automotive Specialties

Increases in sales and profits were recorded for CSC's antifreeze business in 1955. Record new automobile production, cold weather conditions and price advances during the first quarter for glycol and methanol anti-freeze put the year in sharp contrast with 1954.

Sales of "Peak", CSC's brand of non-evaporating antifreeze continued to increase. A new anti-rust and corrosion formula establishing this product as the best of its kind was stressed in an intensified program of consumer advertising.

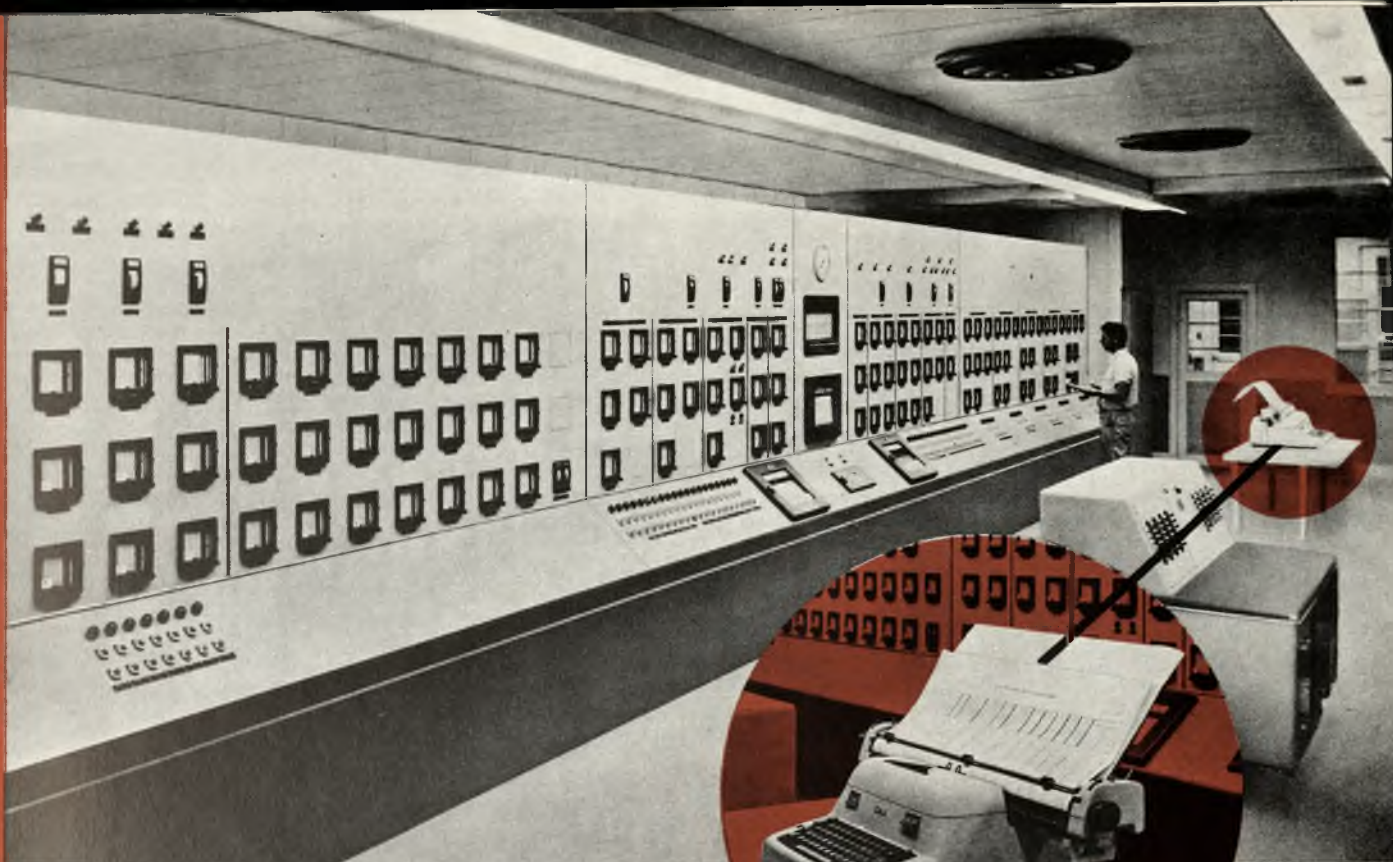
A new formula which further improves the anti-rust and corrosion qualities of "Nor'way" methanol antifreeze was developed in our research laboratories during the year. Promotion and marketing of the improved "Nor'way" will begin during the first quarter of 1956.

Sales of methanol and glycol antifreeze formulations to companies for marketing under their own brand names, and to new car and truck manufacturers, showed improvement.

The year-round line of "Nor'way" automotive products continued as a minor contributor to sales. These products help to keep our brand name before the trade and automotive public.

## Animal Nutrition

Market prices on animal nutrition products declined further and competition intensified. In the face of these conditions, our animal nu-



**AUTOMATION** in the Nitroparaffins plant. Main control panel is shown above. The IBM machine automatically types seventy critical temperatures at set intervals. Any variation from minimum and the maximum is typed in red which gives the operator immediate warning so that process corrections can be made. This method is an important aid to the operator in maintaining uniform quality of the products.

trition business showed some improvement in relation to the previous year resulting from unit sales volume increases and concentration on the sales of products in which CSC has a basically profitable position. Progress was made in a program to lower production costs.

A vigorous advertising and sales promotion campaign emphasizing the advantages of using CSC's Baciferm and Penbac products in high level antibiotic feed mixes is showing tangible results.

B·Y Feeds, a source of riboflavin and unidentified growth factors, experienced an increase in unit sales, as did choline chloride, a vitamin product developed by CSC.

### Pharmaceuticals

Cycloserine, the new antibiotic developed by CSC's research laboratories, was proven to be effective in the treatment of tuberculosis and certain other diseases. It is now in production and will be marketed by Eli Lilly and Co. under their trade name of "Seromycin (Lilly)" during the early part of 1956.

Price declines in pharmaceutical riboflavin and a fully supplied market intensified competition in this vitamin product. Bacitracin continued as an important product supplied in bulk to the pharmaceutical industry.

### Potable Spirits

Grain alcohol sales, up over 1954, were the major area of improvement in potable spirits operations. Process improvements helped our competitive position in this market. Sales of custom-grade whiskies increased and small inventories which had developed in previous years were liquidated.

### Export

Sales of CSC products in foreign markets increased in 1955. Petrochemical sales, largely solid ammonium nitrate for agricultural use, showed the greatest advance. Aqua ammonia was introduced in sugar cane producing areas of the Western Hemisphere. At year's end extensive experiments were under way to determine optimal application levels.



Northwest Nitro-Chemicals Ltd.

Foundations  
for Anhydrous  
Ammonia Unit.



Construction of unit for the production of sulphuric acid.

PHOTOGRAPHS WERE MADE ON DECEMBER 28, 1955.



Buildings to be used to store solid ammonium nitrate fertilizer.

Animal nutrition products for export moved in considerably greater volume. Butyl solubles, vitamin products and our line of antibiotic feed supplements had the benefit of an expanded export market.

Joint investment by American companies with business interests in foreign markets continued as a trend in 1955. Representative of this trend is the establishment in Mexico of our sales affiliate, COMSOLMEX, primarily for the marketing of chemicals produced by CSC.

Licensing of business firms for the manufacture of products and the use of chemical technology developed by CSC continued as an area of our foreign business. CSC licensed products are now in production in England, the Scandinavian countries, France and Japan.

### AFFILIATED OPERATIONS

In 1955, your Company announced its participation with other American and Canadian interests in the organization of Northwest Nitro-Chemicals Ltd. This affiliated operation will produce nitrogen and phosphate fertilizers for consumption in northwestern United States and the prairie provinces of Canada. Construction of a \$22 million plant at Medicine Hat, Alberta, Canada was started in July, 1955. Progress made prior to the onset of winter conditions was satisfactory. The plant is scheduled for completion in the latter part of 1956.

Commercial Solvents Corporation owns 42.7 per cent of the equity stock of Northwest Nitro-Chemicals and operates the company under a long-term management contract.

Thermatomic Carbon Co., in which your Company has a 65.3 per cent interest, and which CSC manages, continued satisfactory operations. New research facilities were completed during the year. Process improvements for expanding carbon black production were developed and are now being installed at Thermatomic's Sterlington plant. Dividends received in 1955 from Thermatomic totaled \$339,752.

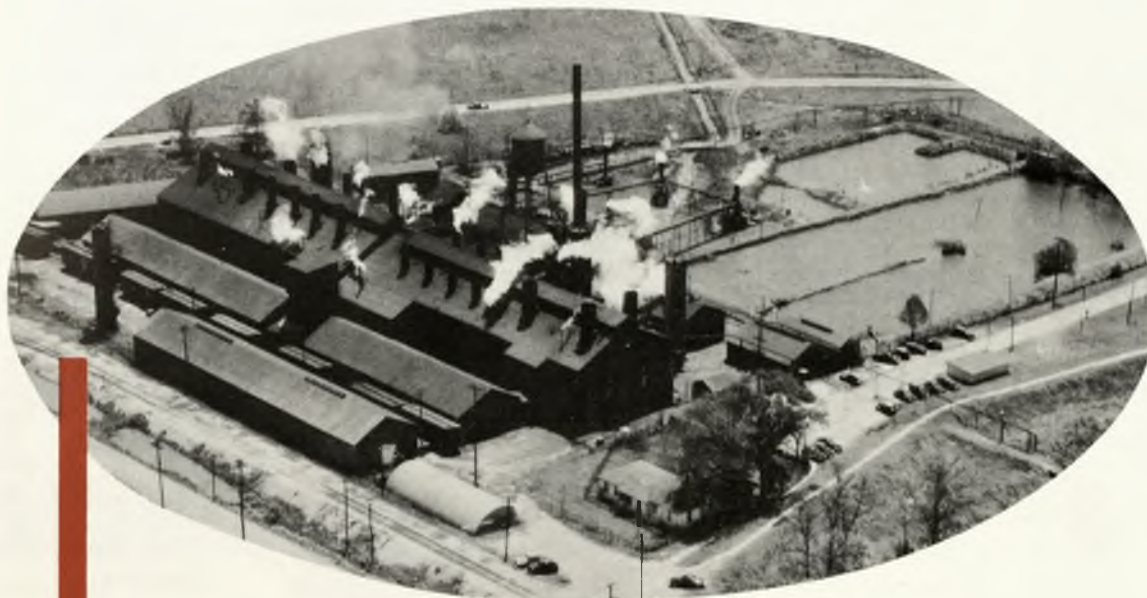
The expansion of our affiliated operations is part of CSC's long-term program for projecting its activities into areas where our present knowledge may be utilized for profitable growth.

### EMPLOYEE and COMMUNITY RELATIONS

At year's end the number of CSC employees totaled 1,993. The broad hospitalization, surgical and medical care benefits which Commercial Solvents employees and their families have enjoyed for many years were further expanded in 1955. A 25 per cent increase in allowance for hospital daily rates, extra services and surgical fees became effective on December 1st. CSC also provides group life insurance and a retirement program.

Employee participation in plant community activities continued as the basis for the excellent relations the Company enjoys with communities where our operations are located.

Emphasis was continued on our plant safety programs and our Company enjoyed an outstanding safety record again this year.



THERMATOMIC CARBON COMPANY, STERLINGTON, LOUISIANA.



CSC Research Center, Main Building—Terre Haute, Ind.

### MANAGEMENT

Mr. John A. Uhl was named Controller of the Corporation on February 28, 1955. He succeeds Mr. Anthony H. Braun, who moved to full-time responsibilities as Vice President of Thermatomic Carbon Company.

### DEVELOPMENT PROGRAM

The pattern of the chemical industry is change and expansion. Our research and development program is directed with balanced emphasis toward underwriting our present business and exploring new areas of chemistry which are logical for further growth.

Our integrated program on nitroparaffins is a typical example of research, development and engineering teamwork. The original exploratory research conducted in past years in this new area of chemicals was brought by stages through the laboratory and pilot plant. The commercial plant was engineered and designed by our own engineering group working closely with research and production specialists. Product application research and market development, carried on prior to and during construction, have helped assure success of the new project.

A product of exploratory research is CSC's new antibiotic, cycloserine. This new drug dis-

covered in our screening program has been brought through laboratory and clinical testing to be readied for marketing in 1956. Facilities at CSC's Terre Haute plant formerly used for the production of other biochemicals, are being utilized to make cycloserine. Modification of existing facilities to produce newly developed products is an important part of our plan.

Process and product improvement work forms an appropriate balance with other research efforts. New process development, such as the Stengel reactor for production of fertilizer solutions, and improved products, such as zinc bacitracin feeds, have materially strengthened these areas of our business.

Licensing of selected processes in the U.S. and foreign markets, and the provision of engineering design and supervision to licensees, and affiliated operations forms a part of our overall development program.

Your management appreciates the loyalty and real contribution of all of its people toward the progress we have made. With the support of our shareholders and the continued dedication of our employees, we can anticipate a year of continued improvement and profitable growth in 1956.

*John A. Uhl*  
President

FEBRUARY 27, 1956



## REVIEW OF THE YEAR 1955



### AGRICULTURAL CHEMICALS

CSC solid ammonium nitrate made by our unique Stengel process reached new highs in production and shipments during 1955. Production facilities were expanded at the Sterlington plant. Process improvements added to the year's total output of this widely used fertilizer. An aggressive advertising campaign featuring CSC's Agricultural Chemicals slogan, "Nitrogen — the heart of the harvest" brought the advantages of using this low cost, high nitrogen content material to the farmer's attention.

Nitrogen solutions also moved in greater quantities. In keeping with CSC marketing policy of providing the farmer with the nitrogen form of his choice, a new product, aqua ammonia, was added to the line. Ease of handling and applying this product were stressed.

Manufacturers of mixed fertilizers continued to be the major purchasers of CSC agricultural chemical products. The several forms of our agricultural nitrogen are now included in formulations tailored to the needs of different agricultural sections of the nation and the special requirements of various crops.



Farmers like to use CSC Granular Ammonium Nitrate Fertilizer because it flows freely and does not cake in the bag.

At year's end a program for expanded marketing operations had been completed. It will go into action in 1956 with enlargement of sales and advertising activities in order to maintain our position in a field that is becoming more competitive each year.



### INDUSTRIAL CHEMICALS

Years of nitroparaffins research and development by CSC were climaxed in September, 1955 by the completion of the full scale production facilities at the Sterlington plant.

The expanded availability of the nitroparaffins was brought to industry's attention in a nationally publicized Nitroparaffins Symposium held in New York. Technical and scientific representatives of a widely diversified group of companies reported on their research and application of the nitroparaffins in their companies.

With the expanded facilities at Sterlington producing at capacity, the sales of CSC methanol and derivatives were the largest in the Company's history.

Increased quantities of CSC methanol production were marketed in the form of such widely used derivatives as methylamines, formaldehyde and pentaerythritol. Methanol is also used in making nitroparaffins derivatives.



Symposium on the nitroparaffins, held at the Waldorf-Astoria in New York City, was the means of announcing the commercial production of this important new group of chemicals to customers and the press. Similar meetings will be held during 1956 in Chicago and San Francisco.



Ammonium nitrate plant showing stainless steel belts where product is crystallized. Additional unit was installed during 1955.

# REVIEW OF THE YEAR 1955



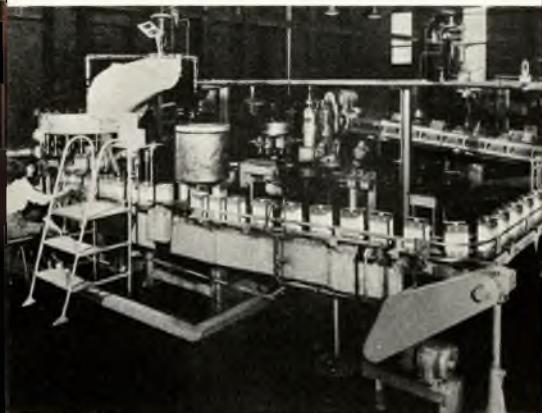
S.S. Chemical Transporter used to ship CSC methanol from our Harvey, Louisiana terminal to distribution points on the eastern seaboard.

The market for methylamines was broadened in 1955. The West Coast plastics and plywood industries continued to consume increased quantities of CSC formaldehyde and at year's end new facilities at Agnew, California were in production. Pentaerythritol sales also continued at a satisfactory level.



Automotive Specialties Department held regional sales meetings to introduce the new "Peak" Anti-Freeze formula and promote sales.

At the Sterlington anti-freeze packaging plant a new canning line was installed to handle rectangular cans.



## AUTOMOTIVE SPECIALTIES

National and regional advertising supporting a broad scale sales program raised automotive anti-freeze sales to the highest levels in the Company's history. A new, improved formulation of Peak®, CSC's brand of non-evaporating anti-freeze, was stressed in full color advertisements. A development of CSC research, the new "Peak" embodies anti-rust and corrosion qualities establishing it the best anti-freeze of its kind.

Expansion and improvement of the warehousing and distribution system for both Peak® and Nor'way®, CSC's brand name methanol anti-freeze, added to marketing efficiency in 41 principal anti-freeze markets. Local and regional advertising was geared to the distribution plan with beneficial sales results.

Continued emphasis was placed upon distributor and dealer incentive contests. Participation was the best to date and the benefits of this effort were reflected in sales.

Marketing of CSC methanol and glycol anti-freeze formulations to companies for sale under their respective brand names continued to grow throughout 1955.

During the year, a superior formulation of "Nor'way" anti-freeze was developed in our research laboratories. Scheduled for marketing early in 1956, the improved product has anti-rust and corrosion advantages comparable to the new "Peak." Sales promotion and advertising will stress the new "Nor'way" as being the safest and most effective product of its type.

Other products in the "Nor'way" line, including Anti-Rust, Stop Leak, Quick Flush and Cleaner for cooling systems, and Dry-Ex anti-freeze for fuel systems, continued to provide "Nor'way" product identification on a year-round basis to customers, dealers and distributors.



Representatives of the Animal Nutrition Department stimulate acceptance for CSC products through dealer meetings.



## ANIMAL NUTRITION

Nutritional developments in 1955 accounted for improvements in animal feed efficiency, resulting in lower costs to produce meat and eggs. During 1955, more farmers looked to medicated feeds to help them fight the diseases which caused major economic loss. In addition to the use of preparations for specific infections, 1955 saw widespread and increasing use of high levels of antibiotics in poultry, swine, and cattle feeds to fight off a variety of diseases and stresses which prevent livestock from gaining and producing profitably.

Sales of CSC Baciferm® antibiotic feed supplements improved as the result of an educational program aimed at the feed mixer, stressing the economics of using bacitracin. Penbac®, a combination of penicillin and bacitracin, was another product promoted to the trade.

Informational advertisements which graphically illustrated the selective action of CSC antibiotic formulations in destroying harmful bacteria while sparing the beneficial strains appeared in leading trade publications.

Choline chloride (a source of the B complex vitamin) which Commercial Solvents Corporation introduced to the feed industry, had wide customer acceptance.



The first announcement of the new antibiotic, cycloserine, resulted in these press clippings from all parts of the world.

Sales of B•Y® butyl solubles, a source of vitamins such as riboflavin and other unidentified growth factors, continued to increase throughout the year.

CSC's overall position as a supplier of quality animal nutrients was enhanced during the year. Lowered production costs due to process improvements helped to keep CSC animal nutrient products competitive.

The 1956 marketing plan calls for intensified sales and advertising efforts with emphasis on the Baciferm antibiotic supplements. The program also includes expansion of technical services to aid our staff and customers in the complex animal nutrition field.



## POTABLE SPIRITS

CSC produces grain and cane neutral spirits for the potable spirits industry as well as fine whiskies to customer specification. In both fields business improved in 1955. Remaining stocks of bonded whiskies, 1950-51 production, were liquidated.

Vodka production started in 1953 experienced sales increases during the past year as the quality and availability of this product became better known throughout the trade.

Our bonded rackhouses continued to be utilized by a number of potable spirits producers as storage for their production.



## PHARMACEUTICAL CHEMICALS

Cycloserine, CSC's new anti-tuberculosis antibiotic, was announced to the medical profession at a symposium in February, 1955. Broad scale clinical evaluation since that time has confirmed initial results on the efficacy of this product. Production was under way at year's end. Cycloserine will be marketed in the first quarter of 1956 by Eli Lilly & Co. under their trade name "Seromycin (Lilly)."

CSC's position as a bulk supplier of antibiotics and fine chemicals to the trade was improved.



## EXPORT

CSC products are now sold in 54 countries and territories throughout the world. Principal items of export were industrial and agricultural chemicals, animal nutrition products and bulk pharmaceuticals.

Areas of greatest expansion during the past year were Mexico and the Caribbean. At our Mexico sales affiliate, COMSOLMEX, a sales promotion and marketing organization was developed and a broad scale campaign launched.

CSC agricultural nitrogen products led the way in increased customer acceptance. Animal nutrition products were introduced in important areas. To prove the value of CSC aqua ammonia abroad, controlled experiments measuring this product's effectiveness on sugar cane were undertaken in collaboration with distributors.

Licensing of Commercial Solvents Corporation processes in foreign



Commercial Solvents continued to have a fine plant safety record. The winner of the last pennant award was the Peoria, Illinois plant.

countries continued to be an important part of our export operations.

Plans for 1956 call for a continuation of this international sales expansion program, consolidation of gains made in 1955 and the introduction of the full line of Commercial Solvents products wherever markets for them can be developed.



Stockroom of bulk pharmaceuticals maintained by COMSOLMEX gives immediate shipment to customers in Mexico.

Ample stocks of agricultural and industrial chemicals are maintained in warehouses at Mexico City.



# Commercial Solvents

## Consolidated Financial Position

	December 31,	
	1955	1954
<b>CURRENT ASSETS</b>		
Cash . . . . .	\$ 8,868,035	\$11,026,033
U. S. Government and other marketable securities, at cost . . . . .	1,500,741	1,254,544
Accounts and notes receivable (less allowance for doubtful accounts) . . . . .	9,657,296	8,657,418
Inventories, at the lower of average cost or market		
Finished products and materials in process . . . . .	7,766,835	7,389,944
Raw materials and supplies . . . . .	5,141,501	4,268,547
Total Current Assets . . . . .	<u>32,934,408</u>	<u>32,596,486</u>
<b>LESS CURRENT LIABILITIES</b>		
Accounts payable . . . . .	4,243,206	3,323,349
Accrued Federal income taxes (In 1955 less U. S. Treasury tax notes at cost of \$994,200) . . . . .	823,779	1,388,376
Other accrued liabilities . . . . .	2,146,638	2,270,060
Total Current Liabilities . . . . .	<u>7,213,623</u>	<u>6,981,785</u>
<b>WORKING CAPITAL . . . . .</b>	<u>25,720,785</u>	<u>25,614,701</u>
<b>INVESTMENTS AT COST</b>		
Northwest Nitro-Chemicals Ltd. . . . .	1,691,910	—
Other . . . . .	401,925	384,445
Total Investments . . . . .	<u>2,093,835</u>	<u>384,445</u>
<b>FIXED ASSETS</b>		
Land, buildings and equipment, at cost . . . . .	65,616,500	62,397,354
Less accumulated depreciation, amortization and obsolescence . . . . .	29,443,471	26,671,504
Net Fixed Assets . . . . .	<u>36,173,029</u>	<u>35,725,850</u>
<b>GOODWILL AND PATENTS . . . . .</b>	<u>1</u>	<u>1</u>
<b>DEFERRED CHARGES . . . . .</b>	<u>1,224,775</u>	<u>1,862,193</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES . . . . .</b>	<u>65,212,425</u>	<u>63,587,190</u>
<b>LESS LONG-TERM DEBT AND DEFERRED TAXES</b>		
3¾% Notes payable . . . . .	25,000,000	25,000,000
Deferred Federal income taxes . . . . .	1,935,100	1,124,800
<b>SHAREHOLDERS' EQUITY . . . . .</b>	<u>\$38,277,325</u>	<u>\$37,462,390</u>
<b>SOURCE OF SHAREHOLDERS' EQUITY</b>		
Common stock—\$1.00 par value (no par value in 1954)		
Authorized — 3,000,000 shares		
Issued — 2,636,878 shares . . . . .	\$ 6,593,452	\$ 6,593,452
Additional paid-in capital . . . . .	4,325,514	4,325,514
Earnings retained in business . . . . .	27,358,359	26,543,424
	<u>\$38,277,325</u>	<u>\$37,462,390</u>

Certain items for 1954 have been restated to conform with 1955 classifications.

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

## Consolidated Earnings and Summary of Earnings Retained in Business

	Year Ended December 31,	
	1955	1954
<b>OPERATING INCOME</b>		
Net sales . . . . .	\$56,623,754	\$51,608,349
Other operating income . . . . .	223,314	255,852
	<u>56,847,068</u>	<u>51,864,201</u>
<b>OPERATING COSTS AND EXPENSES</b>		
Cost of sales . . . . .	41,139,370	36,189,604
Selling, research and administrative expenses . . . . .	6,991,730	7,234,299
Depreciation and amortization . . . . .	3,337,041	3,364,891
	<u>51,468,141</u>	<u>46,788,794</u>
<b>EARNINGS FROM OPERATIONS</b> . . . . .	<b>5,378,927</b>	<b>5,075,407</b>
<b>OTHER INCOME</b>		
Dividends and other income received from Thermatomic Carbon Company . . . . .	399,752	399,752
Miscellaneous income—net . . . . .	969,285	473,662
	<u>6,747,964</u>	<u>5,948,821</u>
<b>INTEREST ON BORROWINGS</b> . . . . .	<b>937,500</b>	<b>937,500</b>
<b>EARNINGS BEFORE FEDERAL INCOME TAXES AND EXTRAORDINARY ITEMS</b>	<b>5,810,464</b>	<b>5,011,321</b>
<b>FEDERAL INCOME TAXES</b> (including deferred taxes—see notes) . . . . .	<b>2,671,600</b>	<b>2,314,500</b>
<b>EARNINGS BEFORE EXTRAORDINARY ITEMS</b> . . . . .	<b>3,138,864</b>	<b>2,696,821</b>
<b>EXTRAORDINARY ITEMS—NET</b> (see notes) . . . . .	<b>312,949</b>	<b>28,479</b>
<b>NET EARNINGS FOR YEAR</b> (per share \$1.31 in 1955; \$1.01 in 1954) . . . . .	<b>3,451,813</b>	<b>2,668,342</b>
<b>EARNINGS RETAINED IN BUSINESS AT BEGINNING OF YEAR</b> . . . . .	<b>26,543,424</b>	<b>26,511,960</b>
	<u>29,995,237</u>	<u>29,180,302</u>
<b>Dividends paid</b> (\$1.00 per share each year) . . . . .	<b>2,636,878</b>	<b>2,636,878</b>
<b>EARNINGS RETAINED IN BUSINESS AT END OF YEAR</b> . . . . .	<b>\$27,358,359</b>	<b>\$26,543,424</b>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

# Notes to Financial Statements

# Auditors' Report

## Investment in Thermatomic Carbon Company

The investment in Thermatomic Carbon Company (controlled company not consolidated) is included in other investments at a cost of \$335,717. The Corporation's 65.3% equity in the net assets of said Company at December 31, 1955 exceeds the cost of the investment therein by \$780,164. The excess of equity in earnings of said Company over dividends received amounted to \$32,092 in 1955 and \$8,509 in 1954.

## Long-Term Debt

Notes under the loan agreements entered into with insurance companies are payable in approximately equal annual installments during the period 1957 through 1972. The loan agreements provide, among other things, that the Corporation may not declare any dividend, other than stock dividends, in excess of consolidated earnings (as defined in the agreements) subsequent to December 31, 1950, plus \$2,500,000. The agreements also require that the declaration of such dividends will not reduce the consolidated working capital to an amount less than \$15,000,000. At December 31, 1955 \$3,786,978 of the consolidated retained earnings was free of such restrictions.

## Stock Options

At December 31, 1955 certain key executive employees held options on 50,000 shares of common stock, exercisable at any time on or before December 31, 1957. The option price is \$21 per share which was the approximate market value of the stock when the options were granted.

## Price Redetermination and Renegotiation

Certain of the Corporation's sales in 1952 and 1953 are subject to price redetermination and renegotiation by the U. S. Government. The amounts which will be payable are not presently determinable. Provisions for estimated refunds were made in the accounts in those years in amounts which the Corporation considered adequate. However, if Government claims and recent interlocutory administrative decisions should finally be sustained, the net amount refundable would be approximately \$900,000 in excess of the amounts provided. The Corporation is contesting those claims and decisions.

## Deferred Federal Income Taxes

In its financial statements the Corporation, in accordance with its previous practice, computes the provision for depreciation and amortization by the straight-line method over estimated useful lives. For Federal income tax purposes, however, the portions of plant facilities covered by Certificates of Necessity are amortized over five-year periods and, beginning in 1955 with respect to 1955 acquisitions of other plant facilities, the provision for depreciation is computed by the "declining balance" method. The excess of the amortization and depreciation for tax purposes over straight-line depreciation results in temporary tax reductions amounting to \$810,300 in 1955 and \$728,800 in 1954 which have been charged against earnings and credited to Deferred Federal income taxes. The amounts so deferred will be taken into earnings in future years when depreciation allowable for tax purposes is correspondingly less than provided in the financial statements.

## Extraordinary Items—Net

The extraordinary item for 1955 represents net income from settlement of a lawsuit instituted by the Corporation less Federal income tax of \$339,000 applicable thereto.

## ARTHUR YOUNG & COMPANY

ACCOUNTANTS AND AUDITORS

165 BROADWAY

NEW YORK 6

February 3, 1956

The Board of Directors and Shareholders,  
Commercial Solvents Corporation

We have examined the statement of consolidated financial position of Commercial Solvents Corporation and Subsidiary at December 31, 1955 and the related statement of consolidated earnings and summary of earnings retained in business for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, subject to such adjustments as may result from price redetermination and renegotiation (see notes to financial statements), the accompanying statements of consolidated financial position and of consolidated earnings and summary of earnings retained in business present fairly the financial position of Commercial Solvents Corporation and Subsidiary at December 31, 1955 and the results of their operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

ARTHUR YOUNG & COMPANY

# Commercial Solvents Corporation

## Ten-Year Financial Summary

(AMOUNTS EXPRESSED IN THOUSANDS)

### Earnings Data

Year	Net Sales	Depreciation and Amortization	EARNINGS		EARNINGS PER SHARE		Dividends Paid Per Share
			Before Taxes	After Taxes	Before Taxes	After Taxes	
1946	\$44,903	\$ 399	\$ 9,032	\$5,720	\$3.43	\$2.17	\$1.00
1947	58,876	869	14,303	9,068	5.42	3.44	1.50
1948	45,062	1,183	8,542	5,543	3.24	2.10	1.50
1949	36,364	1,250	4,924	3,364	1.87	1.28	1.50
1950	49,095	1,420	8,486	5,178	3.22	1.96	1.25
1951	61,172	1,614	11,308	5,843	4.29	2.22	1.25
1952	50,279	2,174	2,315	1,368 (a)	.88	.52 (a)	1.00
1953	51,310	2,894	4,982	2,657	1.89	1.01	1.00
1954	51,608	3,365 (b)	5,011 (c)	2,668 (d)	1.90 (c)	1.01 (d)	1.00
1955	56,624	3,337	5,810 (c)	3,452 (d)	2.20 (c)	1.31 (d)	1.00

(a) Exclusive of special income credit-net (principally excess profits tax settlement) \$1,107,000—\$.42 per share of stock.

(b) Exclusive of \$1,161,000 provision for obsolescence of Dextran plant.

(c) Before taxes and extraordinary items.

(d) After taxes and extraordinary items.

### Financial Position Data

Dec. 31	Total Assets	WORKING CAPITAL			PLANT AND EQUIPMENT			Shareholders' Equity
		Current Assets	Current Liabilities	Working Capital	Cost	Accumulated Reserves	Long Term Debt	
1946	\$31,573	\$19,963	\$4,229	\$15,734	\$22,378	\$12,233	\$ —	\$26,701
1947	37,554	21,608	5,265	16,343	26,709	12,861	—	31,658
1948	39,882	18,358	3,892	14,466	31,531	13,898	—	33,246
1949	38,687	18,228	3,577	14,651	32,624	14,789	—	32,655
1950	43,515	23,420	6,804	16,616	34,102	16,130	—	34,537
1951	57,824	34,271	9,051	25,220	38,644	17,661	10,000	37,573
1952	68,575	35,728	5,198	30,530	49,890	19,520	25,000	37,411
1953	69,887	29,351	6,460	22,891	60,668	22,273	25,000	37,431
1954	70,569	32,597	6,982	25,615	62,397	26,671	25,000	37,462
1955	72,426	32,934	7,213	25,721	65,617	29,443	25,000	38,277



## PRODUCTS • PLANTS • SALES CENTERS • WAREHOUSE



### Industrial Chemicals

The four basic nitroparaffins are nitro-methane, nitroethane, 1-nitropropane, and 2-nitropropane. NP derivatives include aminohydroxy compounds, hydroxylammonium salts, Alkaterges®, nitrohydroxy compounds and diamines. Ammonia, methanol, ethyl alcohol (in all grades and types), ethyl acetate, acetone, butanol (including derivatives such as butyl acetate, dibutyl phthalate and tributyl phosphate) are marketed. Other products include methylamines, amyl acetate, formaldehyde and pentaerythritol.



### Agricultural Chemicals

Commercial Solvents produces nitrogen solutions and anhydrous ammonia which is supplied to fertilizer manufacturers for the production of mixed fertilizers. CSC granular ammonium nitrate fertilizer as well as aqua and anhydrous ammonia are made for direct application to the soil.

Products manufactured for pesticide formulators include Dilan®, ethyl formate and metaldehyde.



### Automotive Specialties

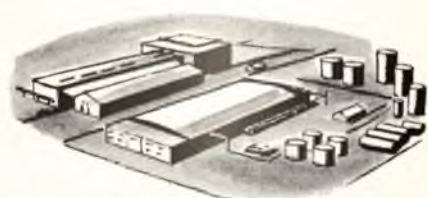
Products include Peab®, an ethylene glycol permanent type anti-freeze and Nor'way®, a methanol anti-freeze. CSC's automotive specialties are Nor'way® Radiator Cleaner, Anti-Rust, Quick Flush, Stop Leak, & Dry-Ex®, a gasoline line anti-freeze. Other products sold under the Nor'way brand include windshield washer fluid, penetrating oil and car wash. Quixol® and Quakersol®, proprietary brands of denatured alcohol, are marketed. Anti-freeze is packaged under private label and is also sold in bulk.



Production facilities for CSC chemicals are located at Sterlington, La.; Harvey, La.; Terre Haute, Ind.; Peoria, Ill.; Newark, N.J.; and Agnew, Calif.



Plants for nitrogen products are located at Sterlington and Pace Lake, La. Insecticides are produced at Peoria, Ill.; and Agnew, California.



Anti-freeze is canned at CSC plants in Sterlington, La. and Terre Haute, Ind. Quixol and Nor'way automotive chemicals are packaged at Terre Haute, Ind.



• **SALES CENTERS**—Boston, New York City, Cleveland, Cincinnati, Louisville, Detroit, Chicago, St. Louis, New Orleans, Los Angeles and San Francisco.

• **WAREHOUSES**—In addition to above points—Buffalo (N. Y.), Newark (N. J.), Baltimore, Charlotte (N. C.), Greensboro (N. C.), Atlanta, Milwaukee, St. Paul, Kansas City, Peoria (Ill.), Terre Haute (Ind.), Dallas, Spokane and Seattle.



• **SALES CENTERS**—Boston, New York City, Cleveland, Cincinnati, Detroit, Chicago, St. Louis, Kansas City, Peoria (Ill.), New Orleans, Sterlington (La.), Louisville, Atlanta, Los Angeles and San Francisco.

• **WAREHOUSES**—Harvey, La.; Sterlington, La.; Pace Lake, La.; Peoria, Ill.; Terre Haute, Ind., and Agnew, Calif.



• **SALES CENTERS**—Boston, New York City, Syracuse, Philadelphia, Baltimore, Cincinnati, Cleveland, Louisville, Memphis, Atlanta, Augusta (Ga.), Indianapolis, Chicago, Ottawa (Ill.), Detroit, St. Paul, St. Louis, Kansas City, Jefferson City (Mo.), Dallas, Denver, Portland (Ore.), Spokane and Seattle.

• **WAREHOUSES**—In addition to above points—Albany (N. Y.), Buffalo, Newark (N. J.), Washington, D. C., Richmond (Va.), Pittsburgh, Charlotte (N. C.), Raleigh (N. C.), Birmingham, Knoxville (Tenn.), Nashville (Tenn.), Terre Haute (Ind.), Peoria (Ill.), Flint (Mich.), Grand Rapids (Mich.), Milwaukee, Des Moines, Omaha, Wichita, Sterlington (La.), Salt Lake City, Agnew (Calif.).



## MARKETS

Export operations are carried out through agents in 54 foreign countries. Greatest activity is in Mexico, Cuba, Puerto Rico, as well as Central and South America. Other important areas include Great Britain and Central European Countries.

## PRODUCTS

All items produced by Commercial Solvents Corporation are marketed by the Export Department. Most active items exported are agricultural and industrial chemicals, animal nutrition products and pharmaceuticals.



## Animal Nutrition Products

CSC antibiotic supplements include various potencies of Baciferm®, Fenbac® and Penline®. Riboflavin supplements include B-Y-16® and B-Y-21® products. Vitamin B<sub>12</sub> supplements are Proferm-4® and Proferm-12®, both primary fermentation products. Butyl fermentation products are for products used mainly as unidentified growth factors. Multivitamin supplements consist of many products with different proportions of essential vitamins. Choline chloride is produced in 70% aqueous and 25% solid forms.



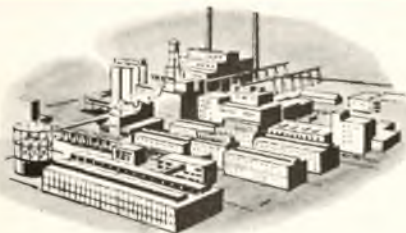
## Pharmaceutical Chemicals

Commercial Solvents is a supplier of drugs to pharmaceutical companies who market under their own label. CSC was the first and is a leading manufacturer of bacitracin. The latest antibiotic produced by the Company is cycloserine, used in the treatment of tuberculosis. Crystalline riboflavin made by fermentation is an important item. Other products marketed include neomycin and anti-enzymes.



## Potable Spirits

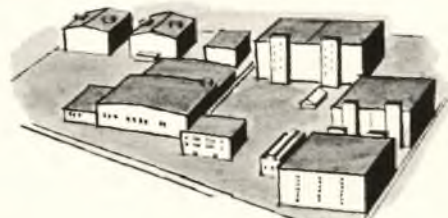
The Company's oldest line of products is the Rossville® brand of alcohols which trace their ancestry back to a Rossville, Ind., distillery started in 1847. Today, potable spirits are produced on customer order and sold only in bulk. Products include fine cane and grain neutral spirits, as well as custom production of bourbon, rye and corn whiskeys of unexcelled quality.



CSC animal nutrition products are manufactured and formulated at Peoria, Ill. and Terre Haute, Ind.



Pharmaceutical plants are located at Terre Haute, Ind.



Distilleries are located at Terre Haute, Ind. and Peoria, Ill. Bonded rackhouse facilities at Terre Haute have a storage capacity of 15 million gallons.



- **SALES CENTERS**—Boston, New York City, Woodruff (S. C.), Cleveland, Cincinnati, Louisville, Memphis, Detroit, Minneapolis, Chicago, St. Louis, Kansas City, New Orleans, Los Angeles and San Francisco.
- **WAREHOUSES**—In addition to above points—Kearny (N.J.), Newark (N. J.), Salisbury (Md.), Charlotte (N. C.), Atlanta, Memphis, Dallas, Agnew (Calif.), Spokane and Seattle.



- **SALES CENTERS**—Boston, New York City, Cleveland, Cincinnati, Louisville, Detroit, Chicago, St. Louis, New Orleans, Los Angeles and San Francisco.
- **WAREHOUSE**—Terre Haute, Ind.



- **SALES CENTERS**—Boston, New York City, Cleveland, Cincinnati, Louisville, Detroit, Chicago, St. Louis, New Orleans, Los Angeles and San Francisco.
- **WAREHOUSES**—Boston, Newark (N.J.), Detroit, Chicago, Peoria (Ill.), Terre Haute (Ind.) and Agnew (Calif.).

**T**ank cars are an important link in supplying customers with many CSC products.

